Supreme Court, U.S.
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No. 99- [redacted] CLERK

IN THE

Supreme Court of the United States

INTERSTELLAR STARSHIP SERVICES, LIMITED
and MICHAEL R. TCHOU,

Petitioners,

v.

EPIX, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Whether under the Commerce Clause and Lanham Act Federal Courts have jurisdiction over Internet domain names.

2. Whether the Dispute Policy instituted by Network Solutions, Inc. as to such domain name registrations effect *de facto* changes in U.S. trademark law contrary to free speech and due process rights.

3. Whether use of that Dispute Policy is an actionable tort.

4. Whether under the enumerated powers doctrine the courts can themselves add to trademark law an "initial confusion" doctrine.

5. Whether inadmissible hearsay can be used to defeat a motion for summary judgment of non-infringement of a trademark.

6. Whether likelihood of confusion can be found solely on the basis of server logs that record connections between computers.

7. Whether "bad intent" can be attributed to one who uses a mark without knowledge of an existing mark on the basis of having later sought registration of the mark while knowing of the other mark.

8. Whether a deponent can be obliged by a court to disclose a trade secret known to but not owned by that deponent.

9. Whether in Lanham Act cases courts must apply the standards for imposition of attorney fees as written by the Congress.

10. Whether litigation-related actions of a party are "reasonable" by definition if carried out under the advice of counsel.

STATEMENT PURSUANT TO RULE 29.6

Petitioner, Interstellar Steamship Services, Limited, has no parent corporation and no publicly held company owns 10% or more of its stock.

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OPINIONS BELOW

The decision of the United States Court of Appeals for the Ninth Circuit dated July 19, 1999, is set forth in Appendix A. The opinion of the United States District Court for Oregon with respect to the case, dated Nov. 20, 1997, is set forth in Appendix C, and that for attorney fees dated March 5, 1998, is set forth in Appendix B.

STATEMENT OF JURISDICTION

The statutory provision for this Court's jurisdiction is 28 U.S.C. § 1254. The United States Court of Appeals for the Ninth Circuit issued its Decision in this case on July 19, 1999. Panel rehearing and rehearing *en banc* were timely requested. Rehearing was denied on September 2, 1999. (Appendix D). This petition was filed within 90 days of the panel rehearing denial and is thus timely filed.

CONSTITUTIONAL, STATUTORY PROVISIONS AND RULES INVOLVED

The relevant portions of the following Constitutional, Statutory Provisions and Rules will be found in Appendix E.

U.S. Constitution, Article I, Section 8, Clause 3 (the Commerce Clause)

U.S. Constitution, Amendment I

U.S. Constitution, Amendment V

15 U.S.C. § 45. Unfair methods of competition unlawful; prevention by Commission

(a) Declaration of unlawfulness; power to prohibit unfair practices; inapplicability to foreign trade

(b) Proceeding by Commission; modifying and setting aside orders

15 U.S.C. § 1114: Remedies; infringement; innocent infringement by printers and publishers

15 U.S.C. § 1125: False designations of origin, false descriptions, and dilution forbidden

(a) Civil action

(c) Remedies for dilution of famous marks

15 U.S.C. § 1127

18 U.S.C. § 1254. Courts of appeals; certiorari; certified questions of judgment or decree

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Federal Rule of Civil Procedure 56(c)

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Restatement (3rd) — UNFAIR COMPETITION § 18 Acquisition of Rights

STATEMENT OF THE CASE

A. Background of the Judgment

This case derives from a letter sent by Epix, Inc. (hereinafter "Epix") to Network Solutions, Inc. (hereinafter "NSI"), claiming that Interstellar Starship Services, Ltd. (hereinafter "Interstellar") was infringing an Epix trademark by its registration and use of the domain name "epix.com." Epix sought to acquire that domain name, and the "dispute policy" of NSI then required Interstellar to file suit in Federal Court for Declaratory Judgment of Non-Infringement in order to retain use of the name. Epix owns a trademark registration for "Printed Circuit Boards and Computer Programs for Image Acquisition, Processing, Display and Transmission." The web pages at the epix.com site serve principally to publicize a Portland, Oregon, theater group at the Clinton Street Cabaret in putting on live performances of the Rocky Horror Picture Show, and for that purpose it "bit twiddles" the images of the actors shown.

B. The Proceedings Below

This proceedings below commenced with a Complaint for Declaratory Judgment of Non-Infringement of Trademark filed by Interstellar. Jurisdiction was pursuant to the Lanham

Act, through 28 U.S.C. §§ 1331 and 1338, further through 15 U.S.C. § 1121(a), and under the Declaratory Judgment Act, 28 U.S.C. § 2201.

Epix filed an Answer and Counterclaim that added Michael R. Tchou as a Counterclaim Defendant, later filing an Amended Answer and Counterclaim. Cross-Motions for Summary Judgment were filed, and the District Court granted Summary Judgment to Interstellar, the corresponding Motion for Summary Judgment of Epix being denied and an Epix Motion as to Validity and Enforceability of Trademark being deemed moot. Interstellar also filed a Motion for Attorney's Fees that was denied. Cross-appeals were filed in the U.S. Court of Appeals for the Ninth Circuit. The District Court grant of Summary Judgment to Interstellar was reversed and remanded, and the denial of attorney fees to Interstellar was affirmed.

REASONS FOR GRANTING THE WRIT

I. THE FEDERAL COURTS DO NOT HAVE JURISDICTION UNDER THE LANHAM ACT OVER INTERNET DOMAIN NAME REGISTRATIONS.

To fall under the Lanham Act, a domain name must be used as a "mark," 15 U.S.C. § 1127. The U.S. Patent and Trademark Office has recognized that fact.[1] The courts seem

1. *See Lockheed Martin Corporation v. Network Solutions, Inc.*, 44 U.S.P.Q.2d 1865, 1997 WL 721899 n.3 (C.D. Cal. 1997):

> The Court takes judicial notice of a draft document prepared by the staff in the Office of the Assistant Commissioner for Trademarks of the United States

(Cont'd)

not to have considered whether such a lack of jurisdiction in the Patent and Trademark Office because of a failure to meet the subject matter jurisdictional requirements might apply equally to them.[2] A bare domain name does not identify or distinguish anything, nor has a bare domain name been "placed" on or used to advertise anything under the "use in commerce" requirements of the Commerce Clause, U.S. Constitution, Article I, Section 8, Clause 3, and of 15 U.S.C. § 1127. Courts such as that of *Intermatic v. Toeppen*, 947 F. Supp. 1227, 40 U.S.P.Q.2d 1412 (N.D. Ill. 1996), that have treated a domain name as the *res* of the case even while stressing the "use in commerce" requirement have evidently overlooked the "mark" requirement, thus extending the jurisdiction of the court beyond that set out in the Lanham Act, which would be in violation of the Separation of Powers doctrine.[3] It is thus respectfully suggested that under its Rule 10(c) the Supreme Court would want to clarify this Constitutional question, which is important to Interstellar because it has been damaged by the use by Epix of the

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(Cont'd)

> Patent and Trademark Office entitled "Observations concerning the Examination of Applications for Registration of Domain Names in the Trademark Office." This document directs trademark examiners to determine whether a domain name submitted for trademark registration functions only as a locator of a business on the Internet, in which case registration should be refused because the domain name is not serving a trademark function. * * * .

2. Of course, a court always has jurisdiction to see if it has jurisdiction, but a well pled complaint that does not show subject matter jurisdiction should be dismissed without reaching any merits.

3. *McCulloch v. Maryland*, 17 U.S. 316 (4 Wheat. 579) (1819).

"dispute policy" by which these "domain name cases" arrive in the courts. It is also of great importance to millions of other people in that the domain name system governs the putting and finding of material on the Internet.[4]

II. THE DISPUTE POLICY APPLIED TO DOMAIN NAME REGISTRATIONS BY NSI UNCONSTITUTIONALLY EFFECTS *DE FACTO* CHANGES IN TRADEMARK LAW.

The foregoing is not to say that the federal courts could never have jurisdiction over domain names, if it could be shown that they "affect commerce." 15 U.S.C. § 45(a) rests jurisdiction in the Federal Trade Commission on the question of "affecting commerce," thus more broadly than in the Lanham Act.[5] That law in 15 U.S.C. § 45(b) also provides notice to a party investigated, a right to be heard, and other traditional forms of due process. The "Dispute Policy" of NSI, on the other hand (relevant portions of which are attached hereto as Appendix F), upon mere complaint of an owner of a registered trademark, prevents a registrant of a domain name from using that domain name — a property right[6] of a domain name registrant — without regard either to any likelihood of confusion under 15 U.S.C § 1114 or dilution under 15 U.S.C. § 1125(a). Moreover, and in contrast

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4. One report states that U.S. internet users have now exceeded 100 million: *http://www.zdnet.com/zdnn/stories/news/0,4586,2391425,00.html.*

5. But one might well ask, "What on earth could my kid's refrigerator drawings posted at 'mom.net' possibly have to do with *commerce*?"

6. *Umbro International Inc. v. 3263851 Canada Inc.*, 50 U.S.P.Q.2d 1786 (Va. Cir. Ct. 1999).

to both the Federal Trade Commission law and the Fifth Amendment, that policy lacks due process in providing only the options of presenting an earlier trademark registration or filing suit in Federal court. In the present instance, the operative text of the Epix complaint to NSI that caused NSI to initiate its policy against Interstellar and bring about this case reads as follows:[7]

> By using the internet, ISS, Limited is using printed circuit boards and computer programs for image acquisition, processing, display, and transmission in an unquestioned case of trademark infringement

NSI originally operated under an agreement with the National Science Foundation, with that responsibility now passing through the National Telecommunications and Information Administration of the Department of Commerce in conjunction with the Internet Corporation for Assigned Names and Numbers (hereinafter "ICANN," a private corporation) and thence to NSI. However, no amendment to the Lanham Act does or could effect a grant of power to NSI to employ that dispute policy, and no federal agency is empowered to amend the Lanham Act on its own, let alone delegate its responsibilities to others. That the policy could have been initiated at all derives from the choice of the aforesaid agencies to delegate their responsibilities to a single private party, the policy then becoming a contract of adhesion imposed upon anyone who wanted to register a domain name. Except in its own corporate interests, nothing in the administration of domain names would indicate why NSI then elected to interject itself into the issue of trademarks owned by others.

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7. "ISS" being designated herein as "Interstellar."

This NSI empowerment by default is thus not unlike that reflected in the letters of marque of history, whereby "authority" was granted to various privateers to conduct piracy on the high seas. This issue is recommended to the Supreme Court for the reason that the federal courts seem to have been unconstitutionally co-opted by NSI for private purposes.

III. THE IMPLEMENTATION AND USE OF THE DOMAIN NAME DISPUTE POLICY ARE ACTIONABLE TORTS CHARGEABLE AGAINST GOVERNMENT EMPLOYEES AND PRIVATE PARTIES THAT USE IT.

The NSI dispute policy also seems also to have acted as a prior restraint on free expression contrary to the First Amendment. The power of the Congress under the Commerce Clause to impose some restraint on First Amendment freedom of expression is of course well settled, *San Francisco Arts & Athletics Inc., v. United States Olympic Committee*, 483 U.S. 522, 107 S. Ct. 2971, 97 L. Ed. 2d 427, 3 U.S.P.Q.2d 1145 (1987). But such power cannot be found absent proper constitutional basis, hence there seems to be no basis for interfering with the right of free expression that the selection of a domain name entails.[8] Cases such as *Lockheed Martin*[9] that now recognize that domain names do not fall under the Lanham Act as to being registered as

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8 "[T]he suppression of particular words 'run[s] a substantial risk of suppressing ideas in the process,' " *San Francisco Arts*, *supra*, 483 U.S. at 532, 107 S. Ct. at 2978, 3 U.S.P.Q.2d at 1150, *citing Cohen v. California*, 403 U.S. 15, 26, 91 S. Ct. 1780, 1788, 29 L. Ed. 2d 284 (1971).

9. Note 1, *supra*.

trademarks lay bare the full scope of the NSI dispute policy: under color of federal law the several agencies involved (or more properly, their employees) seem to have permitted NSI to arrogate to itself powers over domain names that are prohibited even to the United States.

By the mere existence of the NSI dispute policy the damage is done: many cases never reach the courts because the domain name owner cannot afford it,[10] and in other cases NSI itself is not even involved: a company owning a trademark or service mark simply writes a letter to the domain name registrant, includes a copy of the NSI policy, and demands. The domain name registrant then either gives up or defends itself by mounting on the Internet a public relations campaign so as to shame the complainant into abandoning its complaint, as in the case of 22-month-old Veronica whose domain name "veronica.com" had been sought by Archie Comics.[11] All of this would seem to constitute an unconstitutional prior restraint on a burgeoning right of harmless free expression.[12]

Any use of the NSI policy thus seems to be an actionable tort, whether directly or as an abuse of the judicial process. The "escape clause" of the NSI dispute policy indicating that its procedures "recognize that trademark ownership does not

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10. The web page *http://www.domainhandbook.com/dd.html* reports (from NSI data) that from late July 1995 through 1998 the NSI dispute policy had been invoked 2,654 times.

11. A copy of the "veronica.com" web page (no longer available) is attached as Appendix G.

12. Research from NPD Online recently reports that almost half of Net users are expected to have personal Web sites by spring. Hobbies were the most frequently mentioned reason for having a Web page.

automatically extend to a Domain Name and which reflect no opinion on the part of Network Solutions concerning the ultimate determination of the claim" link the trademark solely to the domain name, without regard to whether any web page was even put up, let alone any content thereof. The language seems quite fraudulent in its implication that a domain name registration must implicate trademark law at all. (And even if it did, how does that give NSI, which seems to appear here in the classical role of the "officious intermeddler," the right to change trademark law?)

The policy and its use by Epix and NSI against Interstellar may similarly be actionable under state law, using the same or similar theories. As to Constitutional violations, *Bivens* actions[13] might lie against the government officials responsible for overseeing NSI, given that violations of the First and Fifth Amendments are hardly discretionary acts.[14] Whether *Bivens* actions also extend to private parties such as NSI and ICANN seems not to have been decided by the Supreme Court,[15] which may feel that the present case is a proper one in which to do so.

Whether the use by Epix of that policy is tortious may also bear on the issue of attorney fees.[16] The use of improper means to carry out an improper purpose is one criterion on which

13. *Bivens v. Six Unknown Named Agents of Federal Bureau of Narcotics*, 403 U.S. 388, 91 S. Ct. 1999, 29 L. Ed. 2d 619 (1971).

14 *See, e.g., Harlow v. Fitzgerald*, 457 U.S. 800, 818, 102 S. Ct. 2727, 2738, 73 L. Ed. 2d 396 (1982).

15. Cook and Sobieski, Jr., *Civil Rights Actions*: § 14.02[A], pp. 14, 24-25.

16. It is recognized, of course, that Interstellar is not presently the prevailing party, *Interstellar Starship Services, Ltd. v. Epix, Inc.*, 184 F.3d 1107, 1112, 51 U.S.P.Q.2d 1535, 1538 (CA9 1999).

attorney fees may be charged, and Interstellar would assert that unconstitutional means are improper means, the improper purpose being that of purporting to use trademark law when the only real issue at hand was an attempt by Epix to acquire a domain name owned by Interstellar.

IV. FEDERAL COURTS CANNOT PROPERLY INSTITUTE A DOCTRINE OF "INITIAL CONFUSION" AND APPLY IT IN THIS CASE.

The "initial confusion" doctrine pertains to the actions of a party that when searching for some particular business, or more recently a business web site, encounters instead a different entity. The opinion below relies on *Brookfield Communications v. West Coast*, 174 F.3d 1036, 50 U.S.P.Q.2d 1545 (CA9 1999), to find initial confusion in the present case in spite of the facts that: (a) *Brookfield distinguished* the present case on the facts, 174 F.3d at 1056; (b) *Brookfield* derived from a conflict between two companies that were in the same business of providing information on the internet about movies; (c) in *Mobil Oil Corporation v. Pegasus Petroleum Corporation*, 818 F.2d 254, 2 USPQ2d 1677 (CA2 1987), also relied on, both parties were involved in the oil business; and (d) the opinion below uses the concept of "natural expansion" to find initial confusion as to something not yet shown even to exist: Epix might some day get into the image business, 184 F.3d at 1111 (but which the epix.com web site does not market). The major *legal* problem, however, is that the Lanham Act says nothing about any of that.

Similarly, concerning an offensive/defensive distinction in the use of a trademark, *Park 'N Fly v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 196, 105 S. Ct. 658, 662, 224 USPQ

327, 330 (1985) used the language "[o]ne searches the language of the Lanham Act in vain to find any support for . . . ," the doctrine in question then being overturned. In light of the Separation of Powers doctrine noted earlier, the Supreme Court may deem it appropriate to make the same analysis as to the "initial confusion" doctrine of the present case.

The history that gave rise to the concept of trademark dilution bears out that point: there seemed to have been a discernible injury, but yet no way of redressing it under the Lanham Act. The solution, however, was found not in the courts but in the Congress, by amendment of the Lanham Act to add 15 U.S.C. § 1125(c)(1). Should an analysis by the Congress of the purported injury show that further amendment is appropriate then that same process might well be used.

"EPIX" not being a famous mark the notion of dilution does not apply, hence what is left is the likelihood of confusion. When one has definitely identified the party reached as being or not being the party sought, the likelihood of confusion becomes zero, and nothing in the Lanham Act would seem to permit a court to proceed on out of its particular case into the public's business. It is respectfully urged that the consumers that are affected by trademarks and service marks are the people, and public policies that primarily affect the people are more properly within the province of the Congress than the courts. What results from the latter practice as to the Lanham Act is to sow confusion and uncertainty as to the law. Interstellar thus submits to the Supreme Court the question of whether or not such issues ought better to be studied and decided by the Congress whose business the public is, with any use of this "initial confusion" doctrine being discarded.

V. INADMISSIBLE HEARSAY CANNOT BE USED TO DEFEAT A MOTION FOR SUMMARY JUDGMENT OF NON-INFRINGEMENT OF A TRADEMARK.

Federal Rule of Civil Procedure 56(e) first requires that with respect to a motion for summary judgment "[s]upporting and opposing affidavits shall be made on personal knowledge, shall set forth such facts as would be admissible in evidence, and shall show affirmatively that the affiant is competent to testify to the matters stated therein," and secondly that "an adverse party may not rest upon the mere allegations or denials of the adverse party's pleading, but the adverse party's response . . . must set forth specific facts showing that there is a genuine issue for trial." Even so, the recent case of *Aeroquip Corp. v. United States*, 43 USPQ2d 1503, 1506 (USCCl, 1997) cites a Supreme Court opinion written by Justice Rehnquist to the contrary: "The party opposing summary judgment has the burden of showing sufficient evidence, *not necessarily admissible*, of a genuine issue of material fact in dispute. *Celotex Corp. v. Catrett*, 477 U. S. 317, 324 (S.Ct 1986)." (Emphasis added.) As noted below, Epix relied principally on entirely conclusory assertions concerning computer server logs that Interstellar argued were inadmissible. When the opinion below states that "[b]ecause evidence on the record would permit a rational factfinder to find a likelihood of confusion, the district court erred in granting summary judgment to ISS . . . ," *Interstellar*, 184 F.3d at 1112, it seems to do so without considering the question of whether or not that "evidence" would be admissible at trial: a rational factfinder cannot draw inferences from "evidence" that it would never have seen.

Thus in *Burlington Industries, Inc. v. Ellerth*, 524 U.S. 742, __ S. Ct. __ (1998), an opinion written by Justice Kennedy states "[s]ummary judgment was granted for the employer, so we must take the facts alleged by the employee to be true. *United States v. Diebold, Inc.* 369 U.S. 654, 655 (1962) (per curiam)." What Diebold actually says at that cite, however, is: "On summary judgment the inferences to be drawn from the underlying facts contained in such materials, must be viewed in the light most favorable to the party opposing the motion." *Diebold*, 369 U.S. at 655, 82 S. Ct. at 994. *Diebold* itself seems to be entirely compatible with FRCP 56(c), (e), while a literal reading of *Burlington Industries* nullifies them, and the lower courts, as Interstellar has argued occurred here, will then deny motions for summary judgment solely on the basis of hearsay, lawyer talk, or no evidence at all, i.e., on whatever "facts," including conclusory ones, that the party opposing the motion may have alleged. It is respectfully requested that the Supreme Court grant certiorari on this issue so that its apparent internal conflict on the issue, semantic as it no doubt is, can be clarified.

VI. COMPUTER SERVER LOGS, WITHOUT MORE, ARE NOT ADMISSIBLE TO SHOW LIKELIHOOD OF CONFUSION.

A randomly selected page from the server logs used in this case is attached hereto as Appendix H for purposes of determining what may be learned therefrom about the mind set on the subject of trademarks of the persons (if any) that were operating the computers there listed. From those data, one can identify particular computers that on the dates shown had contacted other particular computers, and then the locations of those computers. However, Interstellar has

argued that such data show nothing pertaining to any likelihood of confusion, in the supporting declarations there was nothing declared about confusion from personal knowledge, and in any event the assertions were entirely conclusory. Without at least having had some equivalent of a Daubert[17] hearing, those server logs should not have been used as evidence in this case. A likelihood of confusion was found, nevertheless, and for that reason it is respectfully suggested that under its supervisory Rule 10(a) the Supreme Court might wish to clarify the need to use the relevant evidentiary rules.

VII. A MARK IS "ADOPTED" WHEN GOODS OR SERVICES TO WHICH IT HAS BEEN APPLIED ARE PLACED IN COMMERCE.

It is standard law that trademark rights are acquired by use. Restatement (3rd) — Unfair Competition, Sec. 18. Even so, the opinion below recites the following:

> ISS's president testified in deposition that ISS chose "epix.com" because it described electronic pictures. However, ISS became aware[18] of the "EPIX" trademark when it applied for its own registration of "EPIX." Adopting a designation with knowledge of its trademark status permits a

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17. *Daubert v. Merrell Dow Pharmaceuticals Inc.*, 509 U.S. 579, 113 S. Ct. 2786, 27 U.S.P.Q.2d 1200 (1993).

18. Interstellar actually first learned of the EPIX trademark long after the epix.com domain name had been adopted and registered with NSI, i.e., when it got the 30-day letter from NSI giving notice of the Epix complaint, the latter occurring before Interstellar applied for its own trademark registration.

> presumption of an intent to deceive." (Citing *Brookfield Communications v. West Coast*, 174 F.3d 1036, 1999.) (Footnote added.). *Interstellar*, 184 F.3d at 1111.

The issue here is not factual, but rather that evidently through the mesmerizing effect of the NSI dispute policy, the courts seem to have distorted the meaning of the Lanham Act so as to place controlling power on the *registration* process rather than upon use of the mark in commerce as the Lanham Act indicates. It is hoped that the Supreme Court would: (a) emphasis again where it is from which trademark rights derive; and (b) note the inapplicability of that *Brookfield*-derived dictum to this case.

VIII. UNDER THE CONSTITUTION, A DEPONENT CANNOT BE ORDERED TO DISCLOSE A TRADE SECRET KNOWN TO BUT NOT OWNED BY THAT DEPONENT WHEN THE ALTERNATIVES THEN BECOME THE COMMISSION OF A CRIME TOGETHER WITH CIVIL LIABILITY OR A CHARGE OF CONTEMPT OF COURT.

During discovery in this case, Epix had filed and the court had granted a motion to compel testimony from Tchou involving his relationship with the companies Intel and SiQual, Intel being a former employer/consulting customer of Tchou and SiQual a current Interstellar customer. An Intel attorney indicated that the specific information sought was deemed to be an Intel trade secret. (A deposition that would have forced the issue was never scheduled.) The matter has arisen again on remand. Interstellar takes the position that it is precluded from providing that information, since to do so

would: (a) violate Tchou's employment/consulting agreements with Intel; and (b) violate 18 U.S.C. §§ 1831-1833, thus leaving Tchou in the position of facing both criminal and civil liability if he disclosed or contempt of court if he did not.

18 U.S.C. §§ 1831-1833 include the provision that "[t]his chapter does not prohibit — (1) any otherwise lawful activity conducted by a governmental entity of the United States, a State, or a political subdivision of a State . . . ," 18 U.S.C. § 1833. On its face, that provision would include an order issued by a federal court — a "governmental entity of the United States." Interstellar would respectfully assert, however, that for basic Constitutional reasons no court has the authority either to order a party to commit a crime, or to participate in the taking of property (i.e., a trade secret) from the owner thereof (Intel) without due process — also an unlawful act. It is therefore respectfully urged that the Supreme Court might well wish to construe that Act in this real context that is of utmost significance to Tchou.

IX. THE PROPER STANDARD FOR IMPOSING ATTORNEY FEES AGAINST A NON-PREVAILING PLAINTIFF IS THAT WRITTEN AS TO NON-PREVAILING PLAINTIFFS.

The legislative history of 15 U.S.C. § 1117 indicates that the standards for allowance of attorney fees in the cases of prevailing plaintiffs and defendants were written at different times and for different purposes. The distinctions that such history entails are well set out in *Noxell Corporation et al. v. Firehouse No. 1 Bar-B-Que Restaurant*, 771 F.2d 521, 524 (CADC 1985), noting that "Congress endeavored to afford protection to defendants 'against

unfounded suits brought by trademark owners for harassment and the like,' " quoting S. Rep. No. 1400, 93rd Cong., 2d Sess., 5, 6, 1974 U.S.C.C.A.N. 7132, 7136, and further that "it is fair to assume that Congress did not intend rigidly to limit recovery of fees by a defendant to the rare case in which a court finds that the plaintiff 'acted in bad faith, vexatiously, wantonly, or for oppressive reasons,' " *Noxell, supra*, 771 F.2d 526. The Ninth Circuit, even while noting that the language "malicious," "fraudulent," "deliberate" or "willful" from that legislative history "refers to the nature of the defendant's infringement in a case where the plaintiff prevails (emphasis added)," *Boney Inc. v. Boney Services Inc.*, 127 F.3d 821, 826 (CA9 1997), nevertheless called upon the copyright case *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 114 S. Ct. 1023, 127 L. Ed. 2d 455 (1994), to apply that standard even though in *Boney* the defendant had prevailed, the *Boney* case then being used as precedent here, *Interstellar, supra*, 184 F.3d at 1112. *Boney* also seems counter to *The Scotch Whiskey Association v. Majestic Distilling Co., Inc.*, 958 F.2d 594, 22 U.S.P.Q.2d 1050), *cert. den.*, 506 U.S. 862, 113 S. Ct. 181, 121 L. Ed. 2d 126 (CA4 1992), which indicates that "bad faith" need not be shown by a prevailing defendant. Given such a long-enduring split between the circuits, the Supreme Court is respectfully requested to take up this matter under its Rule 10(a), particularly in light of the "ordinary meaning" rule of *Park 'N' Fly*[19] and the Ninth Circuit's corresponding rule in *Astaire v. Best Film Video Corp.*, 116 F.3d 1297, 1300, 43 USPQ2d 1128, 1437, 45 U.S.P.Q.2d 1902, 1904-1905 (CA9 1997):

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19. The opinion written by Justice O'Connor states that "[s]tatutory construction must begin with the language employed by Congress and the assumption that the ordinary meaning of that language expresses the legislative purpose." *Park 'N' Fly, supra*, 469 U.S. at 194, 105 S. Ct. at 661, 224 U.S.P.Q. at 329.

> [The] first task in construing a statute is to ascertain the intent of the legislature so as to effectuate the purpose of the law.' [Citation omitted.] This process of apprehending the legislature's intent sensibly starts with the statute's language: In determining such intent, a court must look first to the words of the statute themselves, giving to the language its usual, ordinary import and according significance, if possible, to every word, phrase and sentence in pursuance of the legislative purpose. * * * (Citation omitted.)

X. LITIGATION-RELATED ACTIONS OF A PARTY ARE NOT "REASONABLE" BY DEFINITION SIMPLY BECAUSE THEY WERE CARRIED OUT UNDER THE ADVICE OF COUNSEL.

Interstellar had sought attorney fees both at the district and circuit court levels, on the basis of the litigation conduct of Epix. In its APPELLANT'S REPLY BRIEF/CROSS-APPELLEE'S BRIEF in the court below, Epix stated that "3. The Conduct Was Based Upon Advice of Counsel and Therefore by Definition Was Reasonable." Interstellar respectfully submits that such a claim is quite outrageous, and reflects an attitude that goes a long way towards explaining the "win at all costs" mode of operation by attorneys that is much decried — a mode of operation that Interstellar has argued can be expected to continue so long as the courts allow it to do so. Without going into specific facts, Interstellar sees from Epix a continuing willful disregard for the truth, one instance of which lies in a statement by an Epix attorney to Tchou during a deposition that Epix had a right to conduct a debtor exam since Epix

had "made a money demand on you" when no such demand had then been made. In contrast, one appropriate expression of the responsibilities of an attorney has been given by the Honorable Edwin J. Peterson, former Chief Justice of the Oregon Supreme Court, as follows:

> The medical profession is the discipline of healing. The clergy is the discipline of morality. Ours should be the discipline of truth.

It is respectfully suggested that the present case presents an opportunity for the Supreme Court, through its Rule 10(c) pertaining to its supervisory authority over the lower courts (including supervision of attorneys that are officers of those courts) to express what it deems to be a proper standard of attorney conduct by way of granting the writ of certiorari for which petition is made.

CONCLUSION

The petition for a writ of certiorari should be granted as to each question raised.

Respectfully submitted,

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APPENDIX

APPENDIX A — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT DATED AND DECIDED JULY 19, 1999

INTERSTELLAR STARSHIP SERVICES, LIMITED,

Plaintiff-Counter-Defendant-Appellee,

v.

EPIX INCORPORATED, an Illinois Corporation,

Defendant-Counter-Claimant-Appellant.

Interstellar Starship Services, Limited,

Plaintiff-Counterclaim-Defendant-Appellant,

and

Michael R. Tchou,

Counterclaim-Defendant-Appellant,

v.

Epix Incorporated, an Illinois Corporation,

Defendant-Counterclaimant-Appellee.

Nos. 98-35142, 98-35424.

United States Court of Appeals,
Ninth Circuit.

Appendix A

Argued and Submitted June 8, 1999.

Decided July 19, 1999.

* * *

Appeals from the United States District Court for the District of Oregon. Helen J. Frye, District Judge, Presiding. D.C. No. CV-97-00107-HJF.

Before: T.G. Nelson, Reinhardt, and Trott, Circuit Judges.

TROTT, Circuit Judge:

Epix, Inc. appeals a summary judgment for Interstellar Starship Services, Ltd. ("ISS"), and ISS cross-appeals the denial of its request for attorneys' fees. In a published opinion, 983 F.Supp. 1331 (D.Or.1997), the district court held that ISS's maintenance of an internet web page at "epix.com" did not infringe Epix's registered trademark, "EPIX," and granted declaratory judgment to ISS. The district court then denied ISS's request for attorneys' fees. We have jurisdiction under 28 U.S.C. § 1291 (1994), and we reverse and remand the grant of summary judgment in favor of ISS. We affirm the denial of ISS's request for attorneys' fees.

I

Epix manufactures and sells video imaging hardware and software and provides consulting services to customers with

regard to its products. Epix registered "EPIX" with the United States Patent and Trademark Office ("PTO") in 1990, claiming a first-use date of November 1984. The tendered and accepted purpose of the "EPIX" trademark encompassed "printed circuit boards and computer programs for image acquisition, processing, display and transmission in class 9." The "EPIX" trademark acquired incontestable status in December, 1996. The registration does not relate to Epix's consulting services, although in an application filed April 1997 for registration of "EPIX" as a trade and service mark with regard to computer graphics designs and services for computer graphics designs, Epix claims to have used "EPIX" in commerce as a service mark as well. The PTO has not issued a decision on Epix's recent service mark application.

The record does not make crystal clear the precise nature of ISS's business or its use of the "epix.com" web page. On November 4, 1996, ISS applied for registration of "EPIX" as a trade and service mark for use on computer graphics design services and computer graphics, although ISS now contends this was an error on the part of its attorney, who should have applied to register not "EPIX," but "epix.com." The PTO denied the application, and ISS is currently appealing that denial to the Trademark Trial and Appeals Board. The district court concluded from the record that ISS's business included the offering of consulting services on " 'design for test' circuit analysis." Interstellar v. EPIX, Inc., 983 Supp. 1331, 1332 (D.Or.1997).

Currently, pictures of a Portland, Oregon drama group, the "Clinton Street Cabaret," can be found at the "epix.com" web site. At one time, the web page included information

about how the pictures were transferred to a computer and touched up for posting. This information has since been removed from the "epix.com" site. The site also included at one point a link which permitted visitors to read about ISS and its business.

II

Epix sought to have Network Services, Inc. ("NSI"), the registrar of domain names, cancel the "epix.com" registration. Under NSI's domain-name dispute policy, when Epix supplied NSI with a certified copy of its registration of the "EPIX" trademark, NSI informed ISS that it would lose its right to use "epix.com" unless it could present NSI with a declaratory judgment of non-infringement of Epix's trademark.

ISS sued for declaratory judgment of its right to maintain the "epix.com" web site. Epix counterclaimed, alleging federal trademark infringement, federal unfair competition, Oregon common-law trademark infringement, and Oregon law trademark dilution. ISS moved for summary judgment on its claim for declaratory relief, and Epix moved for summary judgment of the validity, enforceability, and infringement of its trademark. The district court granted summary judgment to ISS and denied summary judgment to Epix. 983 F.Supp. at 1336-37.

III

We review the district court's grant of summary judgment de novo. Margolis v. Ryan, 140 F.3d 850, 852 (9th

Cir.1998). Viewing the evidence in the light most favorable to Epix, we must reverse summary judgment if genuine issues of material fact remain such that ISS is not entitled to judgment as a matter of law. See id. Because of the intensely factual nature of trademark disputes, summary judgment is generally disfavored in the trademark arena. Levi Strauss & Co. v. Blue Bell, Inc., 778 F.2d 1352, 1356 n. 5 (9th Cir.1985).

The district court correctly recognized that a word used as a second-level domain name in a web-site address can present a cause of action for trademark infringement. See Brookfield Comms., Inc. v. West Coast Ent. Corp., 174 F.3d 1036, 1045-47 (9th Cir.1999). Under federal trademark infringement law, 15 U.S.C. § 1114 (1994), federal unfair competition law, 15 U.S.C. § 1125(a) (1994), and Oregon common law of trademark infringement, Epix can defeat summary judgment by placing evidence on the record tending to "establish that [ISS] is using a mark confusingly similar to a valid, protectable trademark of [Epix]'s." Brookfield, 174 F.3d at 1046; see Classic Instruments, Inc. v. VDO-Argo Instruments, Inc., 73 Or.App. 732, 700 P.2d 677, 684 (1985) (applying cases interpreting federal law to an Oregon-law cause of action for trademark infringement).

The district court concluded that Epix has a valid and protectable trademark in "EPIX," a conclusion which ISS does not dispute.[1] Whether a likelihood of confusion exists

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1. ISS does contend that the Epix trademark is not valid as a service mark for "consulting services" — only for the uses specified in its registration. However, the reach of "EPIX" does not affect its

(Cont'd)

requires us to consider the eight "Sleekcraft factors," which we recently revisited in Brookfield:

> [1] similarity of the conflicting designations; [2] relatedness or proximity of the two companies' products or services; [3] strength of [Epix]'s mark; [4] marketing channels used; [5] degree of care likely to be exercised by purchasers in selecting goods; [6] [ISS]'s intent in selecting its mark; [7] evidence of actual confusion; and [8] likelihood of expansion in product lines.

174 F.3d at 1053-54 (citing AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-49 (9th Cir.1979)). We recognize a brand of confusion called "initial interest" confusion, which permits a finding of a likelihood of confusion although the consumer quickly becomes aware of the source's actual identity and no purchase is made as a result of the confusion. Brookfield, 174 F.3d at 1061-64 (citing Dr. Seuss Enters. v. Penguin Books USA, 109 F.3d 1394, 1405 (9th Cir.1997), and Mobil Oil Corp. v. Pegasus Petroleum Corp., 818 F.2d 254, 257-58 (2d Cir.1987)).

A

The district court correctly concluded that two Sleekcraft factors support Epix's claim of a likelihood of confusion.

(Cont'd)

validity as a mark. Rather, the likelihood of confusion analysis deals with the similarity of products and services and the likelihood of expansion in product lines. AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 348-49, 350, 354 (9th Cir.1979).

Applying Brookfield, "epix.com" is, "for all intents and purposes, identical in terms of sight, sound,[2] and meaning" to "EPIX," 174 F.3d at 1055 (citing the district court's disposition in this case, 983 F.Supp. at 1335, as an example of an appropriate comparison between a domain-name combination and a trademark), and because both ISS and Epix market on the internet, the marketing channels are identical, see id. at 1057. One Sleekcraft factor supports ISS's claim that no likelihood of confusion exists: the degree of care likely to be exercised by customers. Epix's customers are sophisticated industry and university researchers, and Epix's goods cost in the range of several thousand to tens of thousand dollars. See Sleekcraft, 599 F.2d at 353 (holding that expensive goods and sophisticated purchasers cut against a likelihood of confusion). Sophisticated purchasers of expensive goods should eventually be able to find exactly what they are searching for.

B

The five remaining Sleekcraft factors require the weighing of conflicting evidence. Because a court should not weigh evidence on a summary judgment motion, Abdul-Jabbar v. General Motors Corp., 85 F.3d 407, 410 (9th Cir.1996), we remand for trial.

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2. Counsel for ISS argues that "epix.com" is pronounced with a long "e," like "e-mail." However, because this case relates solely to internet usage where, as counsel acknowledges, a trademark or domain name is never spoken out loud, we hold the difference in pronunciation to be irrelevant.

Appendix A

Similarity of products and services: ISS argues that "epix.com" is used only as a repository for photographs, such that ISS does not compete with Epix's video imaging business. Although ISS correctly points out that its use of the "epix.com" web site, rather than the entirety of the business transacted under the ISS name, is the relevant criterion, the disputed site previously included a discussion of ISS's business. Moreover, evidence indicates that the web site explained how photographs of the Clinton Street Cabaret were altered and displayed on the internet. This evidence supports an inference that ISS markets video imaging services on the "epix.com" site. When we consider the doctrine of initial interest confusion, this evidence becomes even more compelling. An Epix customer might read about ISS on the "epix.com" site and decide to give ISS's services a try, permitting ISS to capitalize on the goodwill Epix developed in its trademark — even if the customer is never confused about Epix's lack of connection to "epix.com." See Brookfield, 174 F.3d at 1061-62.

Strength of the mark: The district court concluded that "EPIX" was an arbitrary word and thus a strong mark. 983 F.Supp. at 1335. Initially, we note that the district court's conclusion cuts against its eventual grant of summary judgment, because "an arbitrary or fanciful mark . . . will be afforded the widest ambit of protection from infringing uses." Sleekcraft, 599 F.2d at 349. Moreover, we read the record as presenting conflicting evidence on the question of strength. "EPIX" is not listed in the Oxford English Dictionary (2d ed.1991). However, neither is "Slickcraft"; a coined term can still be suggestive or descriptive. 599 F.2d at 349 (holding "Slickcraft" to be suggestive of a fast boat). When

deposed, ISS's president testified that "EPIX" describes "electronic pictures," in much the same way that "e-mail" describes "electronic mail." We conclude that the conflicting evidence on this factor requires the district court to give second consideration to the question of the strength of "EPIX" as a trademark for video imaging products and services.

ISS's intent: ISS's president testified in deposition that ISS chose "epix.com" because it described electronic pictures. However, ISS became aware of the "EPIX" trademark when it applied for its own registration of "EPIX." Adopting a designation with knowledge of its trademark status permits a presumption of intent to deceive. See Brookfield, 174 F.3d at 1059 (citing Official Airline Guides, Inc. v. Goss, 6 F.3d 1385, 1394 (9th Cir.1993)). In turn, intent to deceive is strong evidence of a likelihood of confusion. Sleekcraft, 599 F.2d at 354. Because of the conflicting evidence, ISS's intent should be decided by a jury.

Actual confusion: Testimony and ISS server logs indicate that numerous Epix customers reached the "epix.com" web site when searching for Epix on the internet. At the very least, as the district court acknowledged, this is substantial circumstantial evidence of initial customer confusion. 983 F.Supp. at 1336. However, ISS tenders a number of possible innocent explanations for these "hits," and whether ISS even markets the same products and services as Epix is not conclusively established. The question of actual confusion presents precisely the kind of conflicting evidence that should be resolved by a jury, rather than by the district court on summary judgment.

Appendix A

Expansion of product lines: ISS argues that Epix does not have a registered service mark in "EPIX" for use in the consulting aspects of its business. However, the likelihood of confusion is greater if either or both parties might expand their offered products and services to overlap. Sleekcraft, 599 F.2d at 354. In this case, ISS has applied for, and is appealing the denial of, a registration of a mark for "computer-enhanced graphic[s]." Epix is awaiting a decision on its application to register "EPIX" for "computer graphics design manuals" and "computer services, namely . . . graphics. . . ." Whether or not Epix and ISS currently compete head-to-head, the possibility that they will in the future must be considered.

Although the district court undertook a well-reasoned analysis of the appropriate law,[3] we hold that Epix must have the opportunity to go to trial on its claims of trademark infringement and unfair competition. Because evidence on the record would permit a rational factfinder to find a likelihood of confusion, the district court erred in granting summary judgment to ISS on the declaratory judgment and trademark infringement claims.

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3. The district court applied the six-factor test from Century 21 Real Estate Corp. v. Sandlin, 846 F.2d 1175, 1179 (9th Cir.1988), which does not include the degree of purchaser care and likelihood of expansion in product lines factors. 983 F.Supp. at 1335. Although we apply the Sleekcraft test and hold that both unmentioned factors are relevant in the instant case, we do not believe that a district court necessarily errs as a matter of law when choosing one formulation over another.

Appendix A

IV

ISS cross-appeals the district court's denial of its request for attorneys' fees, which we review for an abuse of discretion. See Stephen W. Boney, Inc. v. Boney Servs., Inc., 127 F.3d 821, 825 (9th Cir.1997). The Lanham Act permits an award of attorneys' fees to a prevailing party in "exceptional circumstances," 15 U.S.C. § 1117(a), such as when " 'a plaintiff's case is groundless, unreasonable, vexatious, or pursued in bad faith,' " Id. at 826-27 (quoting Scott Fetzer Co. v. Williamson, 101 F.3d 549, 555 (8th Cir.1996)). Because we reverse the summary judgment in ISS's favor and remand for trial, ISS is no longer a "prevailing party" entitled to attorneys' fees. 15 U.S.C. § 1117(a). Moreover, we find no cause to disturb the district court's factual finding that Epix did not engage in malicious, bad faith, fraudulent, deliberate or willful conduct. We affirm the district court's refusal to grant attorneys' fees to ISS.

REVERSED and REMANDED; cross-appeal AFFIRMED.

APPENDIX B — OPINION AND ORDER OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF OREGON DATED MARCH 5, 1998

INTERSTELLAR STARSHIP SERVICES, LIMITED,

Plaintiff-Counterclaim Defendant,

v.

EPIX, INC., an Illinois corporation,

Defendant-Counterclaimant,

v.

Michael R. TCHOU,

Counterclaim Defendant.

No. CIV. 97-107-FR.

United States District Court, D. Oregon.

March 5, 1998.

* * *

OPINION AND ORDER

FRYE, J.

The matter before the court is the defendant-counterclaimant's opposition to plaintiff-counterclaim defendants' bill of costs (# 122).

Appendix B

BACKGROUND

On November 20, 1997, this court granted the motion for summary judgment filed by the plaintiff-counterclaim defendants, Interstellar Starship Services, Limited (Interstellar Starship) and Michael Tchou, and denied the motion for summary judgment of infringement filed by the defendant-counterclaimant, Epix, Inc. The court found that "[w]hile the court concludes that Epix, Inc. is the owner of the valid Registered Trademark No. 1,618,449, under the facts of this case the court finds no infringement by Interstellar Starship." Opinion, p. 12.

On January 6, 1998, a judgment was entered by the court in favor of Interstellar Starship and Tchou and against Epix, Inc. Epix, Inc. filed an appeal.

CONTENTIONS OF THE PARTIES

Interstellar Starship has filed a bill of costs in the sum of $1,289.15. Epix, Inc. objects to the bill of costs on the grounds that Interstellar Starship is not the prevailing party. Epix, Inc. argues that this was a split decision, and there was no prevailing party. In its opposition, Epix, Inc. states:

> While the Court ruled that there was no likelihood of confusion between Epix's registered trademark and ISS's use in connection with the Clinton Street Theater, the practical effect of Epix's trademark infringement counterclaim is that it caused ISS to discontinue its use of the 'epix.com'

> mark in connection with its circuit board consulting business.

Id. at 2.

Interstellar Starship and Tchou contend that they are prevailing parties in this action, and that costs should be awarded to them. Interstellar Starship and Tchou argue that Epix, Inc. misstates the opinion and judgment of this court when it argues that "there is no evidence in this record from which this court could conclude that there is a material issue of fact as to whether Interstellar Starship uses the 'epix.com' Internet site to promote its 'design for test' consulting business." Opinion, p. 11.

APPLICABLE LAW

Costs are allowed to the prevailing party under 28 U.S.C. § 1920. "[A] plaintiff 'prevails' when actual relief on the merits of his claim materially alters the legal relationship between the parties by modifying the defendant's behavior in a way that directly benefits the plaintiff." Farrar v. Hobby, 506 U.S. 103, 111-12, 113 S.Ct. 566, 121 L.Ed.2d 494 (1992).

RULING OF THE COURT

This court filed an opinion and order finding that the use by Interstellar Starship and Tchou of the "epix.com" domain name does not infringe the trademark of Epix, Inc. by using the domain name "epix.com" to publicize the activities of the theater group called the "Clinton Street

Cabaret" and the theater group's "Rocky Horror Picture Show." This is what was at issue in this litigation, and it was resolved in favor of Interstellar Starship and Tchou.

IT IS HEREBY ORDERED that the defendant-counterclaimant's opposition to plaintiff-counterclaim defendants' bill of costs (# 122) is overruled. The plaintiff-counterclaim defendants are entitled to recover costs.

APPENDIX C — OPINION OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF OREGON DATED NOVEMBER 20, 1997

INTERSTELLAR STARSHIP SERVICES, LIMITED,

Plaintiff-Counterclaim Defendant,

v.

EPIX, INC., an Illinois corporation,

Defendant-Counterclaimant,

v.

Michael R. TCHOU,

Counterclaim Defendant.

Civ. No. 97-107-FR.

United States District Court,
D. Oregon.

Nov. 20, 1997.

* * *

OPINION

FRYE, District Judge.

The matters before the court are 1) the plaintiff-counterclaim defendants' motion for summary judgment

(# 34); and 2) the defendant-counterclaimant's motion for summary judgment of validity, enforceability and infringement of its trademark (# 40).

BACKGROUND

On January 21, 1997, the plaintiff, Interstellar Starship Services, Limited (Interstellar Starship), filed this action against the defendant, Epix, Inc., for a judgment declaring that Interstellar Starship's use of the domain name "epix.com" on the Internet does not infringe the registered trademark "EPIX" under the trademark laws of the United States.

On May 19, 1997, Epix, Inc. filed an answer and counterclaim against Interstellar Starship and its president, Michael R. Tchou, alleging that Interstellar Starship's use of the domain name "epix.com" infringes the registered trademark "EPIX" under the trademark laws of the United States.

UNDISPUTED FACTS

Interstellar Starship is an Oregon corporation owned by Michael R. Tchou. The registered, assumed business name of Interstellar Starship is "epix.com." Interstellar Starship uses the name "epix.com" only in connection with publicizing the activities of a theater group called the "Clinton Street Cabaret" and the theater group's "Rocky Horror Picture Show," which includes digital images of cast members made by "epix.com."

Appendix C

Interstellar Starship serves as the principal source of income for the consulting services provided by Michael R. Tchou in "design for test" circuit analysis. Interstellar Starship represents that the consulting service provided by Interstellar Starship does not use the mark "epix.com." Epix, Inc. maintains that "epix.com" is also used in the consulting business conducted by Interstellar Starship.

Epix, Inc. is a Delaware corporation engaging in the manufacture and sale of video imaging hardware and software. Epix, Inc. engineers, manufactures and markets products which enable an artist or an engineer to record, save, retrieve, display, manipulate, annotate, enhance, edit or print pictures from video cameras, other cameras, and other electronic imaging sources — such as the Internet. The products of Epix, Inc. are sophisticated and are used primarily by university and industrial researchers.

Since November of 1984, Epix, Inc. has regularly and continuously used the mark "EPIX" to identify and advertise its services and products. Epix, Inc. is the owner of the registered trademark "EPIX," which was registered on the Principal Register of the United States Patent and Trademark Office, Registration No. 1,618,449 for PRINTED CIRCUIT BOARDS AND COMPUTER PROGRAMS FOR IMAGE ACQUISITION, PROCESSING, DISPLAY AND TRANSMISSION, IN CLASS 9.

On January 25, 1995, Interstellar Starship caused to have registered with Network Solutions, Inc. the domain name "epix.com."

Appendix C

On March 9, 1995, Epix, Inc. caused to have registered with Network Solutions, Inc. the domain name "epixinc.com."

On June 26, 1996, Epix, Inc. initiated a claim with Network Solutions, Inc. to the domain name "epix.com."

On September 11, 1996, Epix, Inc. asserted to Network Solutions, Inc. that Interstellar Starship infringes the registered trademark "EPIX" by using the Internet, which assertion included a printout of the "epix.com" home page that showed the "Rocky Horror Picture Show."

On October 4, 1996, Interstellar Starship received a letter from Network Solutions, Inc. stating that Network Solutions, Inc. was initiating its policy in effect at that time which gave Interstellar Starship the choice of (1) filing a lawsuit, or (2) having its domain name "epix.com" deactivated.

On November 8, 1996, Interstellar Starship filed a trademark and a service mark application to register the mark "EPIX" for "computer graphics design" and "computer graphics" in Classes 16 and 42, respectively. Both applications allege a date of first use in commerce of May 1, 1994. Interstellar Starship represents that these applications reflect an error on the part of its attorney because there was a discrepancy between the mark recited, "EPIX," as being sought and the actual mark being used, "epix.com." On June 23, 1997, the United States Patent and Trademark Office notified Interstellar Starship of statutory refusal under Section 2(D).

Appendix C

On December 5, 1996, Epix, Inc. filed an affidavit of continuous use and an affidavit for acquiring incontestability for a mark registered on the Principal Register with the United States Patent and Trademark Office for the mark "EPIX." The trademark registration submitted by Epix, Inc. and accepted by the United States Patent and Trademark Office on December 10, 1996 recites a date of November, 1984 for first use of the trademark and identifies the pertinent goods as "printed circuit boards and computer programs for image acquisition, processing, display and transmission in Class 9."

The words "computer graphics designs" or "services for the design of computer graphics" or words of like import do not appear in the file of EPIX Registered Trademark No. 1,618,449. Termination of an Opposition against issuance of Registered Trademark No. 1,618,449 was subject to a settlement agreement requiring that "Epix shall now and at all times in the future use the mark EPIX only in conjunction with printed circuit boards and computer programs for image acquisition, processing, display and transmission."

On April 30, 1997, Epix, Inc. applied to the United States Patent and Trademark Office for a combined trademark registration for goods, "computer graphics designs," and a service mark registration for "services for the design of computer graphics." Epix, Inc. claimed that the trademark and the service mark had both been in commerce.

CONTENTIONS OF INTERSTELLAR STARSHIP

Interstellar Starship concedes that Epix, Inc. is the owner of Registered Trademark No. 1,618,449, "EPIX." Interstellar

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Starship contends that Registered Trademark No. 1,618,449, as claimed by Epix, Inc. in this case, is invalid. Interstellar Starship explains that Epix, Inc. claims in its answer an ownership of a trademark that includes the language "computer graphics designs, services for the design of computer graphics." Interstellar Starship contends that Epix, Inc. has not made application to the United States Patent and Trademark Office and does not own a registered trademark pertaining to computer graphics design, and therefore owns no service mark at all. Interstellar Starship contends that a mark that encompasses both goods and services within the "goods" classification cannot exist as a matter of law.

Interstellar Starship contends that Epix, Inc. owns a registered trademark for "EPIX," which encompasses only those goods that conform to the description of goods in the trademark, i.e. PRINTED CIRCUIT BOARDS AND COMPUTER PROGRAMS FOR IMAGE ACQUISITION, PROCESSING, DISPLAY AND TRANSMISSION, IN CLASS 9.

Interstellar Starship contends that even if the trademark "EPIX" as claimed by Epix, Inc. is valid, there is little likelihood of confusion between the "EPIX" mark owned and used by Epix, Inc. and the "epix.com" domain name used by Interstellar Starship on the Internet. Interstellar Starship argues that an actual or prospective customer of Epix, Inc. could not possibly be confused in its purchasing decisions vis-a-vis "EPIX" and "epix.com" because such a customer cannot purchase either a circuit board or a computer program from "epix.com" or, conversely, an image of a cast member of the Clinton Street Cabaret from Epix, Inc.

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CONTENTIONS OF EPIX, INC.

Epix, Inc. contends that the "EPIX" trademark is incontestable, and that Epix, Inc. is entitled to summary judgment of validity of its registration as a matter of law. Epix, Inc. concedes that its trademark registration does not recite the words "computer graphics." However, Epix, Inc. contends that its sales of "printed circuit boards and computer programs for image acquisition, processing, display and transmission" (Statement of Concise Facts of Epix, Inc., p. 2) provides trademark rights which are broad enough to result in the likelihood of confusion with the computer consulting services of Interstellar Starship, which uses "epix.com" in its circuit board consulting business.

Epix, Inc. contends that there is infringement because the "goods and services are the same." Reply Memorandum of Epix, Inc., p. 6 (emphasis in original). Epix, Inc. further contends that the marks are the same because "EPIX" is the identifying or host portion of the "epix.com" domain name used by Interstellar Starship. Epix, Inc. contends that the goods and services of Interstellar Starship are identical to the goods and services of Epix, Inc. because Interstellar Starship scans Clinton Street Theater images into a computer, transmits those images into a web site, and then permits interested persons to download those images. Epix, Inc. contends that this is precisely the same as the "image acquisition, processing, display and transmission" set forth in Epix, Inc.'s description of trademark registration goods.

Epix, Inc. contends that there is no genuine issue of material fact as to the likelihood of confusion among

customers or potential customers of Epix, Inc. Epix, Inc. contends that Interstellar Starship uses the mark "EPIX" in connection with the goods identified in Epix, Inc.'s trademark registration, and that Interstellar Starship and Tchou have infringed that trademark.

APPLICABLE LAW

A claim for federal trademark infringement may be brought against any person who shall, without the consent of the holder of the registered trademark, "use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive." 15 U.S.C. § 1114(1)(a). Neither actual confusion nor intent is necessary to a finding of likelihood of confusion. *Century 21 Real Estate Corp. v. Sandlin,* 846 F.2d 1175, 1178 (9th Cir.1988).

Section 43 of the Lanham Act, 15 U.S.C. § 1125(a), provides a cause of action for anyone injured by unfair competition:

> Any person who shall affix, apply, or annex, or use in connection with any goods or services . . . any false description or representation, including words or other symbols tending falsely to describe or represent the same . . . shall be liable to a civil action by . . . any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

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The test for unfair competition is exactly the same as for trademark infringement, that is, "whether the public is likely to be deceived or confused by the similarity of the marks." *Century 21,* 846 F.2d at 1178, citing *New West Corp. v. NYM Co. of Cal.,* 595 F.2d 1194, 1201 (9th Cir.1979). The relevant confusion is confusion that affects the purchasing decisions of actual or prospective purchasers of the products of Epix, Inc. *W.W.W. Pharm. Co. v. The Gillette Co.,* 808 F.Supp. 1013, 23 U.S.P.Q.2d 1609, 1615, *aff'd,* 984 F.2d 567, 25 U.S.P.Q.2d 1593 (2nd Cir.1992).

Unlike a patent or copyright, a trademark does not confer on its owner any rights in gross or at large. The law does not per se prohibit the use of trademarks or service marks as domain names. Rather, the law prohibits only uses that infringe or dilute an owner's trademark or service mark. *Lockheed Martin Corp. v. Network Solutions, Inc.,* 43 U.S.P.Q.2d 1056 (C.D.Cal.1997).

ANALYSIS

An Internet domain name is an alias which facilitates the human use of computers. Here, a domain name consists of two parts: a host and a domain. In the case of "epix.com," the host is "epix" and the domain is "com." The host refers to a computer or device that is attached to the Internet. The Internet is divided into several domains, for example:

com — commercial business

net — network or communications organization

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edu — educational institution

org — non-profit organization

gov — government

There are only a few domains, but many hosts.

Network Solutions, Inc. provides services as a registrar of a domain name. Pursuant to the rules of Network Solutions, Inc., if (1) the host in a domain name is identical to a registered trademark belonging to another person or organization, and (2) the date of first use as shown in the trademark registration precedes the application date for the domain name, and (3) the owner of the registered trademark applies for the domain name which contains that registered trademark, then the registration of the domain name will be placed on hold and nobody will be allowed to use the domain name until the dispute is resolved.

The issue before the court is whether Interstellar Starship's use of the Internet domain name "epix.com" infringes the trademark "EPIX" — that is, whether the public is likely to be deceived or confused by the similarity of the marks.

In *Century 21 Real Estate Corp. v. Sandlin,* 846 F.2d 1175, 1179 (9th Cir.1988), the court explained that the test for determining likelihood of confusion requires consideration of six factors:

1) the strength or weakness of the marks;

2) similarity in appearance, sound, and meaning;

3) the class of goods in question;

4) the marketing channels;

5) evidence of actual confusion; and

6) evidence of the intention of defendant in selecting and using the alleged infringing name.

1. *Strength of the Mark*

"A 'strong' mark is one which is used only in a "fictitious, arbitrary and fanciful manner," whereas a 'weak' mark is a mark that is a meaningful word in common usage, or is merely a suggestive or descriptive trademark." *J.B. Williams Co. v. Le Conte Cosmetics, Inc.*, 523 F.2d 187, 192 (9th Cir.1975), *cert. denied,* 424 U.S. 913, 96 S.Ct. 1110, 47 L.Ed.2d 317 (1976) (citations and footnote omitted). Marks may be strengthened by extensive advertising, length of time in business, public recognition, and uniqueness.

Epix, Inc. contends that the term "EPIX" is entitled to protection as a strong mark in that it is a fictitious word or not a word at all.

Interstellar Starship contends that the term "EPIX" is not entitled to protection as a strong mark within the relevant marketing channel, i.e. the Internet. Interstellar Starship contends that the term "EPIX" is found on 3,963 separate Internet pages, and there are at least a dozen web "home pages" on the Internet that bear on their face some variation of the term "EPIX."

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The court finds as a matter of law that the term "EPIX" is an arbitrary mark and entitled to protection as a strong mark.

2. *Similarity in Appearance, Sound and Meaning*

There is no evidence that Interstellar Starship markets goods or services under the name "EPIX." However, the four letter word "epix" is contained in the "epix.com." In the context of Internet use, the mark used by Interstellar Starship as a domain name is the same mark as registered by Epix, Inc. under the trademark laws.

3. *Class of Goods in Question*

The undisputed evidence is that defendant Epix, Inc. is the owner of the registered trademark, "EPIX," such trademark to be used for "PRINTED CIRCUIT BOARDS AND COMPUTER PROGRAMS FOR IMAGE ACQUISITION, PROCESSING, DISPLAY AND TRANSMISSION." Exhibit 1 to Memorandum in Support of the Motion of Epix, Inc. for Summary Judgment, p. 2.

The evidence in this record is that plaintiff Interstellar Starship uses the Internet domain name "epix.com" and a "dba" "epix.com" to publicize the activities of a theater production group called "The Rocky Horror Picture Show," and that Interstellar Starship provides consulting services in the field of "design for test" circuit boards. There is no evidence in the record to create a material issue of fact as to whether Interstellar Starship uses the Internet web site designated "epix.com" to promote its consulting services in the field of "design for test" circuit boards.

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4. *Marketing Channels*

Both Epix, Inc. and Interstellar Starship market themselves through the Internet.

5. *Evidence of Actual Confusion*

There is no evidence that an actual or prospective customer of Epix, Inc. ever was confused as to these names. While an Internet user seeking to purchase a product of Epix, Inc. may go initially to the Interstellar Starship website, an actual or prospective customer of Epix, Inc. could not be confused in its purchasing decision by the name "EPIX" or the words "epix.com" because such a person cannot purchase a circuit board or computer program from "epix.com" and cannot obtain an image of a cast member of the Clinton Street Cabaret from Epix, Inc. Since actual confusion need not be shown, this does not dictate the outcome. *Century 21,* 846 F.2d at 1179.

6. *Evidence of Defendant's Intention*

The evidence in this record is that Tchou, acting on behalf of Interstellar Starship, selected "epix.com" as a domain name for reasons unrelated to Epix, Inc. Tchou selected "epix" as a domain name as a shorthand designation for "electronic pictures." Tchou learned of the existence of Epix, Inc. through a letter from Network Solutions, Inc. informing Interstellar Starship that Epix, Inc. was seeking the domain name "epix.com."

The court finds no evidence of bad faith in this controversy. A finding of intent is not necessary, however,

to a finding of likelihood of confusion. *Century 21,* 846 F.2d at 1180.

CONCLUSION

The use of "epix.com" as an Internet address by Interstellar Starship could confuse actual or potential customers of Epix, Inc. initially. If Interstellar Starship provided the same goods or services as Epix, Inc., Epix, Inc. would be entitled to prevail under applicable trademark law. However, in this case, Interstellar Starship makes a compelling argument that an actual or potential customer of Epix, Inc. could not be seriously confused by the "epix.com" Internet site of Interstellar Starship used to publicize the "Rocky Horror Picture Show."

Epix, Inc. argues that the goods and services of the parties are "identical." Epix, Inc.'s Reply Memorandum, p. 5. The record does not support such an assertion. The record shows that Interstellar Starship uses the name "epix.com" in connection with publicizing the activities of a theater group called the "Clinton Street Cabaret" and its "Rocky Horror Picture Show," including digital images of cast members made by "epix.com." The claim by Epix, Inc. that Interstellar Starship uses the "epix.com" mark to promote its "design for test" circuit analysis could make it probable that the public will be confused by Interstellar Starship's use of the mark. However, there is no evidence in this record from which this court could conclude that there is a material issue of fact as to whether Interstellar Starship uses the "epix.com" Internet site to promote its "design for test" consulting business.

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The court finds that the use of the Internet website "epix.com" by Interstellar Starship to publicize the "Rocky Horror Picture Show" is not likely to confuse any actual or potential customer seeking to purchase printed circuit boards and computer programs from Epix, Inc. While the court concludes that Epix, Inc. is the owner of the valid Registered Trademark No. 1,618,449, under the facts of this case the court finds no infringement by Interstellar Starship.

Interstellar Starship's motion for summary judgment (# 34) is granted. Epix, Inc.'s motion for summary judgment of infringement of its trademark (# 40) is denied; the motion of Epix, Inc. for summary judgment as to validity and enforceablilty are rendered moot.

APPENDIX D — ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT DENYING PETITION FOR REHEARING DATED AND FILED SEPTEMBER 2, 1999

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

No. 98-35142

D.C. No. CV-97-00107-HJF

INTERSTELLAR STARSHIP
SERVICES, LIMITED,

Plaintiff-Counter-
Defendant Appellee,

v.

EPIX INCORPORATED, an
Illinois Corporation,

Defendant-Counter-
Claimant Appellant.

No. 98-35424

D.C. No. CV-97-00107-HJF

INTERSTELLAR STARSHIP
SERVICES, LIMITED,

Plaintiff-Counterclaim
Defendant-Appellant,

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MICHAEL R. TCHOU,

Counterclaim Defendant
Appellant,

v.

EPIX INCORPORATED, an
Illinois Corporation,

Defendant Counterclaimant
Appellee.

ORDER

Before: D.W. NELSON, REINHARDT, and TROTT, Circuit Judges.

The panel as constituted above has voted to deny the petition for rehearing. Judges Reinhardt and Trott have voted to deny the petition for rehearing en banc, and Judge Nelson so recommends.

The full court has been advised of the suggestion for rehearing en banc and no judge of the court has requested a vote on it. Fed. R. App. P. 35(b).

The petition for rehearing, and the petition for rehearing en banc, are DENIED.

APPENDIX E — CONSTITUTIONAL AND STATUTORY PROVISIONS AND RULE INVOLVED

U.S. Constitution, Amendment I:

> Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

U.S. Constitution, Amendment V:

> No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

15 U.S.C. § 45. Unfair methods of competition unlawful; prevention by Commission

> (a) Declaration of unlawfulness; power to prohibit unfair practices; inapplicability to foreign trade

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(1) Unfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce, are hereby declared unlawful.

(2) The Commission is hereby empowered and directed to prevent persons, . . . from using unfair methods of competition in or affecting commerce and unfair or deceptive acts or practices in or affecting commerce.

* * *

(b) Proceeding by Commission; modifying and setting aside orders

Whenever the Commission shall have reason to believe that any such person, partnership, or corporation has been or is using any unfair method of competition or unfair or deceptive act or practice in or affecting commerce, and if it shall appear to the Commission that a proceeding by it in respect thereof would be to the interest of the public, it shall issue and serve upon such person, partnership, or corporation a complaint stating its charges in that respect and containing a notice of a hearing upon a day and at a place therein fixed at least thirty days after the service of said complaint. The person, partnership, or corporation so complained of shall have the right to appear at the place and time so fixed and show cause why an order should not be entered by the Commission

requiring such person, partnership, or corporation to cease and desist from the violation of the law so charged in said complaint. Any person, partnership, or corporation may make application, and upon good cause shown may be allowed by the Commission to intervene and appear in said proceeding by counsel or in person. The testimony in any such proceeding shall be reduced to writing and filed in the office of the Commission. If upon such hearing the Commission shall be of the opinion that the method of competition or the act or practice in question is prohibited by this subchapter, it shall make a report in writing in which it shall state its findings as to the facts and shall issue and cause to be served on such person, partnership, or corporation an order requiring such person, partnership, or corporation to cease and desist from using such method of competition or such act or practice. Until the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time, or, if a petition for review has been filed within such time then until the record in the proceeding has been filed in a court of appeals of the United States, as hereinafter provided, the Commission may at any time, upon such notice and in such manner as it shall deem proper, modify or set aside, in whole or in part, any report or any order made or issued by it under this section. After the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time, the Commission may at any

time, after notice and opportunity for hearing, reopen and alter, modify, or set aside, in whole or in part any report or order made or issued by it under this section, whenever in the opinion of the Commission conditions of fact or of law have so changed as to require such action or if the public interest shall so require, except that (1) the said person, partnership, or corporation may, within sixty days after service upon him or it of said report or order entered after such a reopening, obtain a review thereof in the appropriate court of appeals of the United States, in the manner provided in subsection (c) of this section; and (2) in the case of an order, the Commission shall reopen any such order to consider whether such order (including any affirmative relief provision contained in such order) should be altered, modified, or set aside, in whole or in part, if the person, partnership, or corporation involved files a request with the Commission which makes a satisfactory showing that changed conditions of law or fact require such order to be altered, modified, or set aside, in whole or in part. The Commission shall determine whether to alter, modify, or set aside any order of the Commission in response to a request made by a person, partnership, or corporation under paragraph [1] (2) not later than 120 days after the date of the filing of such request.

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15 U.S.C. § 1114: Remedies; infringement; innocent infringement by printers and publishers

(1) any person who shall, without the consent of the registrant —

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action by the registrant for the remedies hereinafter provided.

* * *

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15 U.S.C. § 1125: False designations of origin, false descriptions, and dilution forbidden

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which —

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

* * *

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(c) Remedies for dilution of famous marks

(1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection.

* * *

(4) The following shall not be actionable under this section:

(A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.

(B) Noncommercial use of a mark.

(C) All forms of news reporting and news commentary.

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15 U.S.C. § 1127:

* * *

The term "trademark" includes any word, name, symbol, or device, or any combination thereof —

> (1) used by a person . . . to identify and distinguish his or her goods . . . , from those manufactured or sold by others and to indicate the source of the goods. . . .

The term "service mark" includes any word, name, symbol, or device, or any combination thereof —

> (1) used by a person . . . to identify and distinguish the services of one person . . . from the services of others and to indicate the source of the services. . . .

The term "mark" includes any trademark, service mark, collective mark, or certification mark.

The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce —

(1) on goods when —

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

18 U.S.C. § 1254. Courts of appeals; certiorari; certified questions

Cases in the courts of appeals may be reviewed by the Supreme Court by the following methods:

(1) By writ of certiorari granted upon the petition of any party to any civil or criminal case, before or after rendition of judgment or decree;

* * *

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Economic Espionage Act of 1996:

18 U.S.C. § 1832. Theft of trade secrets

(a) Whoever, with intent to convert a trade secret, that is related to or included in a product that is produced for or placed in interstate or foreign commerce, to the economic benefit of anyone other than the owner thereof, and intending or knowing that the offense will, injure any owner of that trade secret, knowingly —

(1) steals, or without authorization appropriates, takes, carries away, or conceals, or by fraud, artifice, or deception obtains such information;

(2) without authorization copies, duplicates, sketches, drawings, photographs, downloads, uploads, alters, destroys, photocopies, replicates, transmits, delivers, sends, mails, communicates, or conveys such information;

(3) receives, buys, or possesses such information, knowing the same to have been stolen or appropriated, obtained, or converted without authorization;

(4) attempts to commit any offense described in paragraphs (1) through (3); or

(5) conspires with one or more other persons to commit any offense described in paragraphs (1) through (3), and one or more of such persons do any act to effect the object of the conspiracy, shall, except as provided in subsection (b), be fined under this title or imprisoned not more than 10 years, or both.

(b) Any organization that commits any offense described in subsection (a) shall be fined not more than $5,000,000.

18 U.S.C. § 1833. Exceptions to prohibitions

This chapter does not prohibit —

(1) any otherwise lawful activity conducted by a governmental entity of the United States, a State, or a political subdivision of a State; . . .

* * *

28 U.S.C. § 1343. Civil rights . . .

(a) The district courts shall have original jurisdiction of any civil action authorized by law to be commenced by any person:

* * *

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(3) To redress the deprivation, under color of any State law, statute, ordinance, regulation, custom or usage, of any right, privilege or immunity secured by the Constitution of the United States or by any Act of Congress providing for equal rights of citizens or of all persons within the jurisdiction of the United States;

(4) To recover damages or to secure equitable or other relief under any Act of Congress providing for the protection of civil rights . . . .

42 U.S.C. § 1988. Proceedings in vindication of civil rights

(a) Applicability of statutory and common law

The jurisdiction in civil and criminal matters conferred on the district courts by the provisions of titles 13, 24, and 70 of the Revised Statutes for the protection of all persons in the United States in their civil rights, and for their vindication, shall be exercised and enforced in conformity with the laws of the United States, so far as such laws are suitable to carry the same into effect; but in all cases where they are not adapted to the object, or are deficient in the provisions necessary to furnish

> suitable remedies and punish offenses against law, the common law, as modified and changed by the constitution and statutes of the State wherein the court having jurisdiction of such civil or criminal cause is held, so far as the same is not inconsistent with the Constitution and laws of the United States, shall be extended to and govern the said courts in the trial and disposition of the cause . . . .

Federal Rule of Civil Procedure 56(c):

> (c) * * * The [summary] judgment sought shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law. * * *

Federal Rule of Civil Procedure 56(e):

> Supporting and opposing affidavits shall be made on personal knowledge, shall set forth such facts as would be admissible in evidence, and shall show affirmatively that the affiant is competent to testify to the matters stated therein. * * * When a motion for summary judgment is made and supported as provided by this rule, an adverse party may not rest upon the mere allegations or

denials of the adverse party's pleading, but the adverse party's response . . . must set forth specific facts showing that there is a genuine issue for trial.

Restatement (3rd) — UNFAIR COMPETITION

§ 18 Acquisition of Rights

Rights can be acquired in a designation only when the designation has been actually used as a trademark, trade name, collective mark, or certification mark . . . , or when an applicable statutory provision recognizes a protectable interest in the designation prior to actual use. A designation is "used" as a trademark, trade name, collective trademark, or certification mark when the designation is displayed or otherwise made known to prospective purchasers in the ordinary course of business in a manner that associates the designation with the goods, services, or business of the user or, in the case of a certification mark, with the certified goods or services. * * *

APPENDIX F — EXCERPTS FROM NETWORK SOLUTIONS DISPUTE POLICY

6. Third Party Procedures. In those instances where a third party claim is based upon and complies with Section 5 (a and b) [Note: requiring the Claimant to provide Network Solutions with a copy of its Certified Registration and to give prior notice to the domain name registrant], Network Solutions may apply the following procedures, which recognize that trademark ownership does not automatically extend to a Domain Name and which reflect no opinion on the part of Network Solutions concerning the ultimate determination of the claim:

> (a) Network Solutions shall determine the activation date of the Registrant's Domain Name.
>
> (b) If the Registrant's Domain Name activation date is before the earlier of (i) the date of first use of the trademark or service mark in the Certified Registration or (ii) the effective date of the valid and subsisting Certified Registration owned by the Complainant, or, if Registrant provides evidence of ownership of a trademark or service mark as provided in Section 5, the Registrant shall be allowed to continue the registration and use of the contested Domain Name, as against that Complainant and subject to the remaining terms of this Policy.
>
> (c) If the activation date of the Domain Name is after the earlier of (i) the date of first use of a Complainant's trademark or service mark in the Certified Registration, or (ii) the effective date

of the valid and subsisting Certified Registration owned by the Complainant, then Network Solutions shall request from the Registrant proof of ownership of Registrant's own registered mark by submission of a certified copy, of the type and nature specified in Section 5(a) above, owned by the Registrant and which was registered prior to the earlier of the date of Network Solutions' request for proof of ownership above or any third party notifying the Registrant of a dispute. The mark provided must be identical to the second-level Domain Name registered to the Registrant.

(d) * * *

(e) In the event the Registrant (1) fails to provide the documentation required by Section 6(c) of a trademark or service mark registration within thirty (30) days of receipt of Network Solutions' dispute notification letter, (2) provides Network Solutions written notification that Registrant will neither accept the assignment of a new domain name nor relinquish its use of the Domain Name, or (3) fails to take any action or provide any written notice within the times specified in this Section 6, whichever event occurs first, Network Solutions will place the Domain Name on "Hold." As long as a Domain Name is on "Hold" status, that Domain Name registered to Registrant shall not be available for use by any party.

(f) * * *

Appendix F

7. Litigation. In the event that, prior to the Domain Name being placed on "Hold":

> (a) The Registrant files suit related to the registration and use of the Domain Name against the Complainant in any court of competent jurisdiction in the United States, Network Solutions will not place the Domain Name on "Hold," subject to the remaining terms of this Policy and pending a temporary or final decision of the court, provided that the Registrant provides a copy of the file-stamped Complaint to Network Solutions. In such cases, Network Solutions will deposit control of the Domain Name into the registry of the court. Registrant also shall promptly provide copies of any and all pleadings filed in the action to Network Solutions upon Network Solutions' request.
>
> (b) The Complainant files suit related to the registration and use of the Domain Name against the Registrant in any court of competent jurisdiction in the United States and provides Network Solutions with a copy of the file-stamped Complaint, Network Solutions will not place the Domain Name on "Hold," subject to the remaining terms of this Policy, and will deposit control of the Domain Name into the registry of the court pending a temporary or final decision of the court.

* * * (Note added.)

APPENDIX G — LITTLE VERONICA'S OFFICIAL WEB SITE

VERONICA

Hi, my name is Veronica. I'm not quite two years old, but I'm already learning to surf the net. My Daddy says it's an important part of my future, so I'm learning before i go to Kindergarten.

Back in 1997, my parents reserved this domain name for me to commemorate my birth (pretty cool huh?). They knew I'd be one of the few Veronicas in the world to have my very own name on the net. But, we've hit a snag... the lawyers.

We got a demanding letter from the lawyers representing **Archie Comic Publications, Inc.** They claim they own a **trademark** on my first name, Veronica. Now, they want me to surrender my web domain name. I don't understand...

- How can a company own my name? It's a common first name.
- Veronica, in Archie comics, is a brunette. I'm a blonde. How could the world confuse me with her?
- She's much older than I am. I'm still a baby!
- Since Veronica's friend in Archie Comics is named Betty, do they own her name too?

I'm confused and very hurt. Archie Comic Publications, Inc. is a big company; my Mom and Dad and I are just a little family. My Dad's name is David, and he says he feels like David battling Goliath!

Please let me know what you think. Should I have to give up my domain name to them? Please send me an email and let me know what you think! Click here to send me mail!

Read the Letter My Daddy Wrote to Help Me Keep My Domain Name

APPENDIX H — COMPUTER SERVER LOGS

Machine access record fragments.
Server unit unknown. - File system unknown.
Data recovered from surplus disk drives on or about 09-June-1997.
Period covered = 07-December-1996 through 21-December-1996

---

mtrs-71ppp74.eplx.net - - [16/Dec/1996:18:14:34 +-800] "GET / HTTP/1.0" 200 2444
mtrs-71ppp74.eplx.net - - [16/Dec/1996:18:16:09 +-800] "GET / HTTP/1.0" 200 2444
phlp-67ppp38.eplx.net - - [16/Dec/1996:18:18:20 +-800] "GET / HTTP/1.0" 200 2444
phlp-67ppp38.eplx.net - - [16/Dec/1996:18:18:37 +-800] "GET /vplx1.jpg HTTP/1.0" 200 17117
phlp-67ppp38.eplx.net - - [16/Dec/1996:18:19:03 +-800] "GET /attn.jpg HTTP/1.0" 200 40360
ezvl-78ppp37.eplx.net - - [16/Dec/1996:18:40:04 +-800] "GET / HTTP/1.0" 304 150
ezvl-78ppp37.eplx.net - - [16/Dec/1996:18:40:07 +-800] "GET /vplx1.jpg HTTP/1.0" 304 150
ezvl-78ppp37.eplx.net - - [16/Dec/1996:18:40:08 +-800] "GET /attn.jpg HTTP/1.0" 304 150
cnyn-74ppp31.eplx.net - - [16/Dec/1996:18:41:03 +-800] "GET / HTTP/1.0" 304 150
cnyn-74ppp31.eplx.net - - [16/Dec/1996:18:41:08 +-800] "GET /vplx1.jpg HTTP/1.0" 304 150
ftp.innernet.net - - [16/Dec/1996:18:41:35 +-800] "GET / HTTP/1.0" 200 2444
cnyn-74ppp31.eplx.net - - [16/Dec/1996:18:42:26 +-800] "GET /attn.jpg HTTP/1.0" 200 40360
ezvl-78ppp37.eplx.net - - [16/Dec/1996:18:44:13 +-800] "GET / HTTP/1.0" 304 150
ezvl-78ppp37.eplx.net - - [16/Dec/1996:18:44:14 +-800] "GET /vplx1.jpg HTTP/1.0" 304 150
ezvl-78ppp37.eplx.net - - [16/Dec/1996:18:44:15 +-800] "GET /attn.jpg HTTP/1.0" 304 150
ind-0009-30.iquest.net - - [16/Dec/1996:18:46:29 +-800] "GET /docs_f/rhps/rhps.htm HTTP/1.0" 200 1364
ind-0009-30.iquest.net - - [16/Dec/1996:18:46:46 +-800] "GET /docs_f/rhps/enter5b.gif HTTP/1.0" 200 16412
ind-0009-30.iquest.net - - [16/Dec/1996:18:46:52 +-800] "GET /docs_f/rhps/home-e.gif HTTP/1.0" 200 266
ind-0009-30.iquest.net - - [16/Dec/1996:18:47:49 +-800] "GET /docs_f/rhps/badges.htm HTTP/1.0" 200 2338
ind-0009-30.iquest.net - - [16/Dec/1996:18:47:59 +-800] "GET /docs_f/rhps/black1a.gif HTTP/1.0" 200 3456
ind-0009-30.iquest.net - - [16/Dec/1996:18:48:03 +-800] "GET /docs_f/rhps/black2b.gif HTTP/1.0" 200 4402
ind-0009-30.iquest.net - - [16/Dec/1996:18:48:06 +-800] "GET /docs_f/rhps/black3b.gif HTTP/1.0" 200 4453
ind-0009-30.iquest.net - - [16/Dec/1996:18:48:11 +-800] "GET /docs_f/rhps/beth-1a.gif HTTP/1.0" 200 3970
ind-0009-30.iquest.net - - [16/Dec/1996:18:48:23 +-800] "GET /docs_f/rhps/jas-1b.gif HTTP/1.0" 200 4009
ind-0009-30.iquest.net - - [16/Dec/1996:18:49:02 +-800] "GET /docs_f/rhps/black2a.gif HTTP/1.0" 200 24995
mtrs-71ppp114.eplx.net - - [16/Dec/1996:18:56:08 +-800] "GET / HTTP/1.0" 200 2444
ftp.innernet.net - - [16/Dec/1996:18:56:22 +-800] "GET / HTTP/1.0" 304 150
mtrs-71ppp114.eplx.net - - [16/Dec/1996:18:57:01 +-800] "GET /vplx1.jpg HTTP/1.0" 200 17117
mtrs-71ppp114.eplx.net - - [16/Dec/1996:18:57:40 +-800] "GET / HTTP/1.0" 304 150
mtrs-71ppp114.eplx.net - - [16/Dec/1996:18:57:42 +-800] "GET /vplx1.jpg HTTP/1.0" 304 150
mtrs-71ppp114.eplx.net - - [16/Dec/1996:18:58:37 +-800] "GET /attn.jpg HTTP/1.0" 200 40360
mtrs-71ppp114.eplx.net - - [16/Dec/1996:18:59:21 +-800] "GET /ATTN.JPG HTTP/1.0" 200 40360
mtrs-71ppp114.eplx.net - - [16/Dec/1996:19:00:11 +-800] "GET /docs_e/subs/subs.htm HTTP/1.0" 200 694
mtrs-71ppp114.eplx.net - - [16/Dec/1996:19:00:13 +-800] "GET /docs_e/subs/home-e.gif HTTP/1.0" 200 266
mtrs-71ppp114.eplx.net - - [16/Dec/1996:19:00:23 +-800] "GET / HTTP/1.0" 200 2444
mtrs-71ppp114.eplx.net - - [16/Dec/1996:19:00:42 +-800] "GET /vplx1.jpg HTTP/1.0" 200 17117
199.224.69.77 - - [16/Dec/1996:19:10:59 +-800] "GET / HTTP/1.0" 200 2444
199.224.69.77 - - [16/Dec/1996:19:11:21 +-800] "GET /vplx1.jpg HTTP/1.0" 200 17117
199.224.69.77 - - [16/Dec/1996:19:14:02 +-800] "GET /attn.jpg HTTP/1.0" 200 40360
199.224.69.77 - - [16/Dec/1996:19:14:33 +-800] "GET /ATTN.JPG HTTP/1.0" 200 40360
lspt-66ppp40.eplx.net - - [16/Dec/1996:19:23:38 +-800] "GET /help/errors HTTP/1.0" 404 145
cnyn-74ppp180.eplx.net - - [16/Dec/1996:19:57:06 +-800] "GET / HTTP/1.0" 304 150
cnyn-74ppp180.eplx.net - - [16/Dec/1996:19:57:10 +-800] "GET /vplx1.jpg HTTP/1.0" 304 150
cnyn-74ppp180.eplx.net - - [16/Dec/1996:19:57:11 +-800] "GET /attn.jpg HTTP/1.0" 304 150
cnc073095.concentric.net - - [16/Dec/1996:19:58:38 +-800] "GET / HTTP/1.0" 304 150
cnc073095.concentric.net - - [16/Dec/1996:19:58:40 +-800] "GET /vplx1.jpg HTTP/1.0" 304 150
cnc073095.concentric.net - - [16/Dec/1996:19:58:41 +-800] "GET /attn.jpg HTTP/1.0" 304 150
qrvl-67ppp65.eplx.net - - [16/Dec/1996:20:12:38 +-800] "GET / HTTP/1.0" 304 150
qrvl-67ppp65.eplx.net - - [16/Dec/1996:20:12:40 +-800] "GET /vplx1.jpg HTTP/1.0" 304 150
qrvl-67ppp65.eplx.net - - [16/Dec/1996:20:12:41 +-800] "GET /attn.jpg HTTP/1.0" 304 150
dial63.psci.net - - [16/Dec/1996:20:14:19 +-800] "GET /docs_e/subs/adrian\t-foxw.txt HTTP/1.0" 200 2728
www-w8.proxy.aol.com - - [16/Dec/1996:21:41:41 +-800] "GET / HTTP/1.0" 304 150
www-w8.proxy.aol.com - - [16/Dec/1996:21:41:47 +-800] "GET /attn.jpg HTTP/1.0" 304 150
www-w8.proxy.aol.com - - [16/Dec/1996:21:41:48 +-800] "GET /vplx1.jpg HTTP/1.0" 304 150
sdx-ca14-15.lx.netcom.com - - [16/Dec/1996:21:46:03 +-800] "GET / HTTP/1.0" 200 2444
sdx-ca14-15.lx.netcom.com - - [16/Dec/1996:21:46:15 +-800] "GET /vplx1.jpg HTTP/1.0" 200 17117
dtp03-16.txdirect.net - - [16/Dec/1996:22:31:04 +-800] "GET /docs_f/rhps/rhps.htm HTTP/1.0" 200 1364
cacciatore.mit.edu - - [16/Dec/1996:23:11:43 +-800] "GET /~mbabyak HTTP/1.0" 501 366
205.217.26.23 - - [17/Dec/1996:00:11:05 +-800] "GET /docs_f/rhps/rhps.htm HTTP/1.0" 200 1364
205.217.26.23 - - [17/Dec/1996:00:11:06 +-800] "GET /docs_f/rhps/home-e.gif HTTP/1.0" 200 266
205.217.26.23 - - [17/Dec/1996:00:11:36 +-800] "GET /docs_f/rhps/enter5b.gif HTTP/1.0" 200 16412
137.28.248.146 - - [17/Dec/1996:02:02:55 +-800] "GET /docs_f/rhps/rhps.htm HTTP/1.0" 200 1364
137.28.248.146 - - [17/Dec/1996:02:02:57 +-800] "GET /docs_f/rhps/home-e.gif HTTP/1.0" 200 266
137.28.248.146 - - [17/Dec/1996:02:03:13 +-800] "GET /docs_f/rhps/enter5b.gif HTTP/1.0" 200 16412
137.28.248.146 - - [17/Dec/1996:02:04:07 +-800] "GET /docs_f/rhps/cat2a.gif HTTP/1.0" 200 36667
mars.whowhere.com - - [17/Dec/1996:03:31:10 +-800] "GET / HTTP/1.0" 200 2444
p75.in.umist.ac.uk - - [17/Dec/1996:06:18:25 +-800] "GET / HTTP/1.0" 200 2444

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(2) DEC 1 1999

No. 99-925

IN THE

Supreme Court of the United States

INTERSTELLAR STARSHIP SERVICES, LIMITED
and MICHAEL R. TCHOU,

Petitioners,

v.

EPIX, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

SUPPLEMENTAL APPENDIX

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APPENDIX — OPINION OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF OREGON DATED AND DECIDED MARCH 5, 1998

U.S. DISTRICT COURT
DISTRICT OF OREGON

Interstellar Starship Services Ltd. v. Epix Inc.

No. 97-107-FR
Decided March 5, 1998

* * *

Opinion By Frye, S.J.

The matter before the court is the plaintiff-counterclaim defendants' motion for attorney fees and expenses (#107).

BACKGROUND

On November 20, 1997, this court granted the motion for summary judgment filed by plaintiff-counterclaim defendant Interstellar Starship Services, Limited (Interstellar Starship) and denied the motion for summary judgment of infringement of the defendant-counterclaimant, Epix, Inc. The court found that "[w]hile the court concludes that Epix, Inc., is the owner of the valid registered trademark No. 1,618,449, under the facts of this case the court finds no infringement by Interstellar Starship." Opinion, p. 12.

On January 6, 1998, a judgment was entered by the court in favor of Interstellar Starship and against Epix, Inc. An appeal has been filed and is pending.

Appendix

On January 20, 1998, Interstellar Starship moved the court for an order finding this case to be exceptional under 35 U.S.C. § 1117 and awarding it reasonable attorney fees and expenses in the amount of $86,610.00.

On February 17, 1998, Epix, Inc. filed its opposition to an award by this court of reasonable attorney fees and expenses.

CONTENTIONS OF INTERSTELLAR STARSHIP

Interstellar Starship contends that Epix, Inc. sought in this action to expand its trademark beyond what it owned by filing a counterclaim alleging trademark ownership in areas that Epix, Inc. did not own and could not own by virtue of 1) not having filed a trademark that recited such goods and services; and 2) the settlement agreement Epix, Inc. entered into with Epix Data, Inc. Interstellar Starship contends that this court should award it attorney fees and expenses on the grounds that Epix, Inc. forced Interstellar Starship into expensive litigation which neither Interstellar Starship nor Michael Tchou could afford.

CONTENTIONS OF EPIX, INC.

Epix, Inc. contends that its legal position and the arguments that it has made in this case have been reasonable and were based upon recent litigation in which the trademark registrant prevailed over a domain name claimant. Epix, Inc. contends that its position in this case was set forth in good faith based upon the advice of counsel. Epix, Inc. further relies upon this court's prior opinion filed on November 20,

1997 [45 USPQ2d 1304], in which the court states that "[t]he court finds no evidence of bad faith in this controversy." Opinion p. 11.

APPLICABLE LAW

15 U.S.C. § 1117(a) provides, in relevant part, that "[t]he court in exceptional cases may award reasonable attorney fees to the prevailing part." "While the term 'exceptional' is not defined in the statute, generally a trademark cases is exceptional for purposes of an award of attorneys' fees when the infringement is malicious, fraudulent, deliberate or willful." *Intel Corp. v. Terabyte Int'l, Inc.*, 6 F.3d 614, 621 [28 USPQ2d 1182] (9th Cir. 1993) (quoting *Lindy Pen Co. v. BIC Pen Corp.*, 982 F.2d 1400, 1409 [25 USPQ2d 1570] (9th Cir. 1993)). A finding of "exceptional" for the purposes of awarding attorney fees has also been made where the "losing party prosecuted or defended [the] claim in bad faith." *Universal City Studios, Inc. v. Nintendo Co.*, 797 F.2d 70, 77 [230 USPQ 409] (2nd Cir. 1986), *cert. denied*, 107 S.Ct. 578 (1986).

RULING OF THE COURT

While the ability of the parties to afford litigation may be disproportionate, the court finds that there is no bad faith or malicious, fraudulent, deliberate or willful conduct which would support an award of attorney fees to Interstellar Starship.

IT IS HEREBY ORDERED that the plaintiff-counterclaim defendants' motion for attorney fees and expenses (#107) is DENIED.

Supreme Court, U.S.
FILED
DEC 20 1999
CLERK

(3)

No. 99-925

In the Supreme Court of the United States

INTERSTELLAR STARSHIP SERVICES, LIMITED and MICHAEL R. TCHOU,

Petitioner,

v.

EPIX, INC.,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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PARTIES TO THE PROCEEDINGS

Petitioner is Interstellar Starship Services, Limited (ISS) and Michael R. Tchou (TCHOU). TCHOU is believed to be a U.S. citizen residing in Oregon. At the time of filing this lawsuit, TCHOU was a full-time employee of Intel Corp. (INTEL), which is a publicly held corporation. ISS is believed to be an Oregon corporation that was incorporated by TCHOU during the time of his employment by INTEL and is believed to be wholly owned by TCHOU. INTEL is not a party to this suit.

Respondent, EPIX, Inc. (EPIX), is a Delaware corporation that has no parent corporation and no public company owns 10% or more of its stock.

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STATEMENT OF THE CASE

EPIX pioneered in engineering and developing personal computer video image capture boards and software for image analysis, manipulation and transmission. Its products are used by engineers and artists to record, save, retrieve, display, enhance, edit and print pictures taken with a video camera or other electronic imaging source—such as the INTERNET.

EPIX began using the trademark **EPIX** on its printed circuit boards and computer programs for image acquisition, processing, display and transmission in 1984 and has since continuously used it to identify its products. It is the owner of Trademark Registration No. 1,618,449 for **EPIX** in Class 9 that was issued in 1990. EPIX's §8 and §15 affidavits[1] of use and incontestability have been accepted by the Patent & Trademark Office.

On January 25, 1995, when the INTERNET was first becoming commercialized and while TCHOU was a full-time employee of INTEL, TCHOU registered the INTERNET domain name **<epix.com>**[2] with Network Solutions, Inc. (NSI). INTEL was then and is now EPIX's largest competitor for personal computer video image capture boards and related software. Later, on May 25, 1995 and while still an INTEL employee, TCHOU registered ISS as a corporation under Oregon

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[1] 37 C.F.R. §2.161-§2.166.

[2] The full domain name as used on the INTERNET is **http://www.epix.com**. See *Panavision Intern., L.P. v. Toeppen*, 141 F.3d 1316 (CA9, 1998) for a description of INTERNET domain names and how they are used.

law. Subsequently, TCHOU registered **epix.com** as an assumed name for ISS, opened a checking account in the name of **epix.com** and filed trademark registration applications for **epix** and **epix.com**.

EPIX was unable to find any use of the **<epix.com>** domain name on the INTERNET until mid-1996—when it discovered a web page containing information about the *Clinton Street Cabaret* and the *Rocky Horror Picture Show* including the mark **EPIX.com** and **epix** used in conjunction with captured video images and video image processing software. Later, TCHOU added the following statements to his web pages:

> *The original ISS Ltd* (sic) *specialized in the development of hardware and software for use by companies involved in the computer graphics (and electronic imaging) industry.*
>
> . . .
>
> *The EPIX.COM web presence server is used mainly as a temporary storage location for products (binary files) produced by engineers at ISS Ltd* (sic) *to fulfill our customers' needs and specifications. These files might be software, source code, images, data, or any of a number of intangible goods that can be represented as files on a computer.*
>
> . . .
>
> *Trivia: Original photos were taken with regular print (color negative) film. Color (positive) transparencies were made by Dale Labs in Hollywood, Florida. Scanning (of the transparencies) was done using a Nikon LS-3510AF. Original epix were scanned at 9.5 MBytes resolution. After-scan digital image processing was done using using* (sic) *Adobe Photoshop 3.04 and*

> *proprietary epix.com pixel manipulation (bit-twiddling) tools.*

These statements are clearly inconsistent with Petitioner's following description in its *Statement Of The Case*:

> *The web pages at the epix.com web site serve principally to publicize a Portland, Oregon, theater group at the Clinton Street Cabaret in putting on live performances of the Rocky Horror Picture Show, and for that purpose it "bit twiddles" the images of actors shown.*[3]

EPIX believed that its trademark was being infringed. It sought advice from its attorney, who gave his opinion that the **EPIX®** trademark was being infringed. EPIX then wrote several complaint letters to NSI for the purpose of implementing NSI's *dispute policy*.[4]

Under NSI's rules, the owner of a Registered Trademark is entitled to request that a domain name incorporating its trademark and owned by another be placed *on hold* and not available to either party until the dispute is resolved. TCHOU's response was to file suit in the name of ISS against EPIX seeking a declaratory judgment of non-infringement of trademark under the Trademark Laws of the United States—the Lanham Act.[5] EPIX filed its answer together with a counterclaim for trademark infringement under both federal and Oregon law and added TCHOU as a counterclaim defendant.

---

[3] Petitioner's *Petition*, p. 3.

[4] Petitioner's *Petition*, pp. 47a-49a.

[5] 15 U.S.C. §§1114 and 1125.

Both parties filed motions for summary judgment and attorney fees before the District Court. The District Court granted Petitioner's motion for summary judgment; but, denied attorney fees. The District Court then denied EPIX's motions. Both parties appealed to the Court of Appeals for the Ninth Circuit, which reversed the District Court, vacated entry of summary judgment in favor of Petitioner and remanded the case to the District Court for trial. The Court of Appeals affirmed the District Court's denial of attorney fees to Petitioner. Before trial could commence, Petitioner filed its *Petition For Writ of Certiorari*.

Subsequent to the filing of its *Petition For Writ of Certiorari* on November 30, 1999, Petitioner filed a *Motion To Supplement Petition For Writ of Certiorari* on December 9, 1999. The essence of *Motion* is that Petitioner wishes to challenge the constitutionality of the *Anticybersquatting Consumer Protection Act*[6] that was just signed into law on November 29, 1999. Because the law did not exist at the time EPIX filed its counterclaim, there could not be any cause of action based on that statute. For that reason, neither the District Court nor the Court of Appeals could consider the application or constitutionality of the statute. Upon return of jurisdiction of this case to the District Court, EPIX intends to seek leave of the District Court to amend its counterclaim to include at least one count based on the *Anticybersquatting Consumer Protection Act*.

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[6] Title III, §3001, *et seq.* of the *Intellectual Property and Communications Omnibus Reform Act of 1999* (S. 1948) signed into Law on November 29, 1999.

REASONS FOR DENYING THE WRIT

The Ninth Circuit made two rulings in this case; namely,

- *Because evidence on the record would permit a rational factfinder to find a likelihood of confusion, the district court erred in granting summary judgment to ISS on declaratory judgment and trademark infringement claims;*[7] and
- *Moreover, we find no cause to disturb the district court's factual finding that Epix did not engage in malicious, bad faith, fraudulent, deliberate or willful conduct.*[8]

Petitioner does not challenge these holdings. Instead, it raises ten ancillary questions.

EPIX's reasons for denying the writ are stated under the following ten enumerated headings used in Petitioner's *Petition*.

I. THE FEDERAL COURTS DO NOT HAVE JURISDICTION UNDER THE LANHAM ACT OVER INTERNET DOMAIN NAME REGISTRATIONS.[9]

The question of whether federal courts have jurisdiction under the Lanham Act over INTERNET domain name registrations was never an issue in this lawsuit and was never raised in the lower courts. This lawsuit is about trademark infringement and cybersquatting

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[7] Petitioner's *Petition*, p. 10a.

[8] Petitioner's *Petition*, p. 11a.

[9] Petitioner's *Petition*, p. 4.

through use and ownership of a website that uses EPIX's trademark **EPIX** as its commercial domain name, **<epix.com>**.

Petitioner applied for and received the domain name **<epix.com>** a few days before EPIX, owner of the Registered Trademark **EPIX,** applied for the same domain name. After EPIX and its attorney observed web pages containing statements described above,[10] EPIX mailed a complaint letter to the domain name registrar, NSI, in accordance with NSI's rules requesting that the **<epix.com>** domain name be placed *on hold*. ISS filed suit in federal court against EPIX claiming that its use of the **<epix.com>** domain name did not infringe the trademark rights of EPIX and alleged jurisdiction under the Lanham Act. EPIX did not challenge the jurisdiction of the court.

EPIX filed a counterclaim against Petitioner alleging, *inter alia*, trademark infringement. EPIX claimed jurisdiction under the Lanham Act based upon Petitioner's use and ownership of a website that exploited EPIX's Registered Trademark **EPIX** in conjunction with Petitioner's goods and technology and as Petitioner's domain name. Petitioner did not challenge the jurisdiction of the federal court and the issue was never raised before the District Court.

When EPIX appealed to the Court of Appeals from an adverse decision of the District Court, it alleged jurisdiction under the Lanham Act. Petitioner never raised the issue of jurisdiction in its answering brief, its cross-

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[10] *Supra*, pp. 2-3.

appeal or at oral argument. The issue only arose when Petitioner filed a tardy motion with the Court of Appeals to revise the record in the appeal of a then-pending case in which EPIX was not a party. EPIX responded by averring that it was not a party to the other appeal and noting that the motion was tardy. The Court of Appeals denied the motion.

Because Petitioner never raised the question of jurisdiction before the lower courts in this case, there is no decision or holding appropriate for review. Further, Petitioner frames the issue as a hypothetical question and this Court has consistently refused to issue advisory opinions or to grant a petition unless there is a real case or controversy.

Petitioner attempts to avoid a judgment of trademark infringement on the ground that some of its use of the Registered Trademark **EPIX** occurred in cyberspace rather than in an older type of marketplace. Petitioner's assertion that Federal Courts do not have jurisdiction under the Lanham Act over INTERNET domain names and their uses fails because Congress has passed two amendments to the Lanham Act relating to INTERNET domain names. The first is the *Federal Trademark Dilution Act of 1995*[11] and the second is the *Anticybersquatting Consumer Protection Act*. Congress clearly had authority to enact these statutes under the *Commerce* clause as the INTERNET—and particularly **<*.com>** domain names for commercial INTERNET sites—are matters of interstate commerce.

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[11] 15 U.S.C. §1125(c) (Supp. II 1996) (amending the Lanham Trademark Act of 1946, 15 U.S.C. §§1051-1127 (1994)).

For these reasons, EPIX submits that there is no issue of jurisdiction as related to INTERNET domain names that warrants review here.

II. THE DISPUTE POLICY APPLIED TO DOMAIN NAME REGISTRATIONS BY NSI CONSTITUTIONALLY EFFECTS DE FACTO CHANGES IN TRADEMARK LAW.[12]

The question of the constitutionality of NSI's domain name policy was never alleged, briefed or argued by the parties or decided by the District Court or the Court of Appeals. There is no holding or judgment regarding this question. EPIX had no role in formulating or applying NSI's domain name policy. NSI was never a party to this suit. Even if Petitioner is correct, this suit is not the proper case for deciding this issue. For this reason, EPIX submits that this question does not warrant review here.

III. THE IMPLEMENTATION AND USE OF THE DOMAIN NAME DISPUTE POLICY ARE ACTIONABLE TORTS CHARGEABLE AGAINST GOVERNMENT EMPLOYEES AND PRIVATE PARTIES THAT USE IT.[13]

Petitioner asserts that the implementation of NSI's domain name policy violates its First Amendment *Right of Free Speech*. This assertion is clearly false because it is established law that the purpose of the First Amendment is to constrain government and not private indi-

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[12] Petitioner's *Petition*, p. 6.

[13] Petitioner's *Petition*, p. 8.

viduals and organizations. Clearly, this is a trademark infringement case and not a Civil Rights case. No governmental body is a party to this lawsuit.

Petitioner claims on the basis of a footnote in a District Court opinion[14] that domain names do not fall under the Lanham Act and that *several agencies of government seem to have permitted NSI to arrogate to itself powers over domain names that are prohibited even to the United States.*[15] Assuming these allegations to be factually true and legally relevant (which EPIX does not), there is no allegation that EPIX had anything to do with the adoption or enforcement of any rule published or enforced by NSI. EPIX's only action was to file a letter of complaint with NSI. It was NSI that threatened Petitioner with an action to place the **<epix.com>** domain name *on hold* so that neither party could use it. If NSI's policies are to be reviewed by this Court, then it should be in a suit to which NSI is a party.

Petitioner alleges that *Bivens* actions[16] might lie against governmental officials. Even if this were true, no governmental official is a party to this suit.

For these reasons, EPIX submits that this question does not warrant review.

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[14] *Lockheed Martin Corporation v. Network Solutions, Inc.*, 44 USPQ2d 1865, 1997 WL 732899 n.3 (C.D. Cal. 1997).

[15] Petitioner's *Petition*, p. 9.

[16] Petitioner's *Petition*, p. 10.

IV. FEDERAL COURTS CANNOT PROPERLY INSTITUTE A DOCTRINE OF "INITIAL CONFUSION" AND APPLY IT TO THIS CASE.[17]

Petitioner asserts that federal courts lack authority to define and apply a doctrine of *initial confusion*. The Lanham Act defines

> . . . *use in commerce* [of] *any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . .*[18]

as trademark infringement.

Confusion, under the Lanham Act, may be caused by

> . . . *affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . .*[19]

Confusion does not have to be *confusion* as to source nor does it have to result in a purchase based upon the *confusion*. *Confusion* comes in many forms that have long been recognized as forming the basis of a trademark infringement action. *Initial interest confusion* is an example of one type of *confusion*.

Confusion was an issue that the parties raised before the District Court. The District Court found in its *Conclusion*:

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[17] Petitioner's *Petition*, p. 11.

[18] 15 U.S.C. §1114(a), Petitioner's *Petition*, p. 37a.

[19] 15 U.S.C. §1125(a), Petitioner's *Petition*, p. 38a.

> *The use of "epix.com" as an Internet address by Interstallar Starship could confuse actual or potential customers of Epix, Inc. initially.*[20]

It then went on to hold that it was possible for a visitor to the **<epix.com>** website to explore further and learn that the site did not belong to EPIX. EPIX filed its Notice of Appeal principally on the ground that once the District Court found that *confusion* existed, there could not be mitigating circumstances as a matter of law and that a finding of trademark infringement must follow. Shortly before the Court of Appeals for the Ninth Circuit heard the arguments in this case, it issued its decision in *Brookfield Communications v. West Coast Video*, 174 F.3d 1036, 50 USPQ2d 1545 (CA9, 1999) that vindicated EPIX's position on the law of *confusion*.

The *Brookfield* decision was based on prior rulings of the Ninth Circuit as well as the Second Circuit's decision in *Mobile Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254 (CA2, 1987). The Ninth Circuit also cited opinions from other Circuits in support of its decision.[21] Petitioner has failed to cite any diversity of opinion between the Circuits on the doctrine of *initial interest confusion* that needs to be resolved by the Supreme Court.

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[20] Petitioner's *Petition*, p. 29a.

[21] See citations at 174 F.3d at 1063-64.

V. INADMISSIBLE HEARSAY CANNOT BE USED TO DEFEAT A MOTION FOR SUMMARY JUDGMENT OF NON-INFRINGEMENT OF A TRADEMARK.[22]

Petitioner asserts that hearsay evidence cannot be used to defeat a motion for summary judgment. There is nothing in the record to support the conclusion that EPIX relied *principally on entirely conclusory assertions concerning computer logs*[23] in presenting its evidence (which EPIX asserts is not true) or that the District Court relied on the evidence in the computer logs in concluding that there was *initial confusion* or that the Court of Appeals relied on alleged hearsay evidence to reverse entry of summary judgment in favor of Petitioner.

If the Court does examine the computer logs, then it will see that the logs are Petitioner's own records kept in the course of a regularly conducted business activity. Such logs or records are not excluded by the hearsay rule under Federal Rules of Evidence, §803(6). Therefore, there is no support for Petitioner's argument that the District Court's ruling was based solely on inadmissible hearsay. These computer logs constitute admissible evidence as admissions by a party under Federal Rules of Evidence, §801(2)(A).

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[22] Petitioner's *Petition*, p. 13.

[23] Petitioner's *Petition*, p. 13.

VI. COMPUTER SERVER LOGS, WITHOUT MORE, ARE NOT ADMISSIBLE TO SHOW LIKELIHOOD OF CONFUSION.[24]

Petitioner asserts that use of its computer server logs as evidence by EPIX, without more, are not admissible to show likelihood of confusion. EPIX presented an affidavit of Dr. Howard M. Dreizen, President of EPIX, Inc., who stated that he examined ISS's computer logs and found numerous instances of records showing that EPIX's customers had accessed Petitioner's **<epix.com>** website. As noted above, the computer logs are Petitioner's records and therefore constitute admissible evidence as admissions by a party. Further, the record contains an e-mail message from TCHOU to NSI complaining about EPIX's customers reaching his **<epix.com>** website and asking whether NSI would be willing to turn off EPIX's **<epixinc.com>** domain name—presumably to lessen confusion by EPIX's customers. All of these documents constitute evidence of actual confusion.

Petitioner, by its own statement, submits that the issue it raises for review is semantic. Be that as it may, it is purely hypothetical in this case. For these reasons, EPIX submits that a grant of certiorari for this question would be inappropriate.

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[24] Petitioner's *Petition*, p. 14.

VII. A MARK IS "ADOPTED" WHEN GOODS OR SERVICES TO WHICH IT HAS BEEN APPLIED ARE PLACED IN COMMERCE.[25]

Petitioner asks this Court to *emphasize again where it is from which trademark right derive* (sic).[26] Petitioner has not alleged that EPIX has abandoned use of its mark. Therefore, the question raised by Petitioner is hypothetical and therefore inappropriate for review.

Petitioner also seeks a review of the Ninth Circuit's conclusion that:

> *Adopting a designation with knowledge of its trademark status permits a presumption of intent to deceive.*[27]

Petitioner describes this statement as *dictum* and therefore it cannot be a case or controversy ripe for review.

VIII. UNDER THE CONSTITUTION, A DEPONENT CANNOT BE ORDERED TO DISCLOSE A TRADE SECRET KNOWN TO BUT NOT OWNED BY THAT DEPONENT WHEN THE ALTERNATIVES THEN BECOME THE COMMISSION OF A CRIME TOGETHER WITH CIVIL LIABILITY OR A CHARGE OF CONTEMPT OF COURT.[28]

TCHOU was a full-time employee of EPIX's largest competitor, INTEL, when ISS filed suit against EPIX. Subsequently, TCHOU left INTEL's employment and

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[25] Petitioner's *Petition*, p. 15.

[26] Petitioner's *Petition*, p. 16.

[27] Petitioner's *Petition*, p. 9a.

[28] Petitioner's *Petition*, p. 16.

became a consultant to INTEL, which was his principal source of revenue. TCHOU testified that he talked to other employees at INTEL about his **<epix.com>** website and that he sought advice from an INTEL attorney about this lawsuit.

EPIX deposed TCHOU and asked him to identify by name, job title and address each INTEL employee with whom he had discussed his ownership or use of the **<epix.com>** domain name and to identify, in particular, the INTEL attorney with whom he met. TCHOU sought to conceal his **<epix.com>** domain name activities while employed at or consulting for INTEL and refused to answer on the basis of advice from his attorney, who cited violation of TCHOU's agreements with INTEL and violation of 18 U.S.C. §§1831-1833.

The District Court, having entered a protection order regarding proprietary information, twice ordered TCHOU to testify. EPIX did not reschedule TCHOU's deposition. Therefore, the issue never came to a head and Petitioner's question remains hypothetical.

For these reasons, EPIX submits that this question is inappropriate for review.

IX. THE PROPER STANDARD FOR IMPOSING ATTORNEY FEES AGAINST A NON-PREVAILING PLAINTIFF IS THAT WRITTEN AS TO NON-PREVAILING PLAINTIFFS (sic).[29]

Petitioner apparently seeks a ruling stating that the standard for applying attorney fees against a non-prevailing plaintiff are the same as those against a non-

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[29] Petitioner's *Petition*, p. 17.

prevailing defendant. In this case Petitioner is plaintiff and has yet to prevail. Therefore, the question is hypothetical. For this reason and because this Court has already decided the issue in *Fogerty v. Fantasy, Inc.*, 127 U.S. 517, 114 S. Ct. 1023, 127 L. Ed. 2d 455 (1994), EPIX submits that this question is not appropriate for review.

X. LITIGATION-RELATED ACTIONS OF A PARTY ARE NOT "REASONABLE" BY DEFINITION SIMPLY BECAUSE THEY WERE CARRIED OUT UNDER ADVICE OF COUNSEL.[30]

Petitioner correctly asserts that it sought attorney fees from EPIX and that EPIX defended itself, in part, by claiming that it relied on advice of counsel. EPIX based its claim on a case first cited by Petitioner[31] in defense of its own infringement that held that a junior user of a mark was entitled to rely on advice of counsel regarding a question of trademark infringement. In this case, EPIX is the senior user of the trademark **EPIX**.

Petitioner's lawyer twice made representations before the District Court that EPIX's counsel had committed acts that constituted unethical conduct. He then withdrew these allegations. Now again, Petitioner's lawyer uses innuendo to accuse EPIX's counsel of not telling the truth.

Both the District Court and the Court of Appeals had ample opportunity to review the conduct of EPIX and

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[30] Petitioner's *Petition*, p. 19.

[31] *W.W.W. Pharmaceutical Co. v. Gillette Co.*, 808 F.Supp. 1013 (S.D.N.Y. 1992).

its counsel. The District Court twice denied Petitioner's claim for attorney fees when it was the prevailing party.[32] Petitioner appealed and the Court of Appeals affirmed the District Court's ruling on the ground that Petitioner was no longer the prevailing party. The Court of Appeals concluded its opinion with the following ruling:

> *Moreover, we find no cause to disturb the district court's factual finding that Epix did not engage in malicious, bad faith, fraudulent, deliberate or willful conduct. We affirm the district court's refusal to grant attorney's fees to ISS.*[33]

Since there is a ruling by the Court of Appeals that *Epix did not engage in malicious, bad faith, fraudulent, deliberate or willful conduct*, there is no need to review the question of whether EPIX was correct to rely on advice of its counsel.

This case has been remanded to the District Court for trial. Because Petitioner is not a prevailing party, the question it poses is hypothetical and therefore inappropriate for review.

CONSTITUTIONALITY OF THE ANTICYBERSQUATTING CONSUMER PROTECTION ACT

As noted in *Statement of Case*,[34] Petitioner will seek permission to challenge the constitutionality of the *Anticybersquatting Consumer Protection Act*. Petition-

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[32] Petitioner's *Petition*, p. 28a and Petitioner's *Petition, Supplemental Appendix*, p. 3a.

[33] Petitioner's *Petition*, p. 11a.

[34] *Supra*, p. 4.

er's December 9, 1999 letter addressed to the Solicitor General states in part:

> *. . . The Petition relates in part to the practices of Network Solutions, Inc. (hereinafter "NSI"), through its so-called "Domain Name Dispute Policy," of using trademark law to interfere with the rights of the internet domain names of its registrants, the gist of the argument being that bare domain names are not "marks" hence there can be no jurisdiction under the Lanham Act in light of the Commerce Clause. Also implicated in that argument are the National Science Foundation (hereinafter "NSF") and its employees that, through a Cooperative Agreement with NSI over which NSF had a responsibility of "substantial involvement," have allowed NSI freely to administer that policy. . . .*

EPIX responds by stating:

- EPIX has not yet alleged a cause of action under the *Anticybersquatting Consumer Protection Act*—although it intends to seek permission to amend its counterclaim for that purpose upon return of jurisdiction to the District Court;
- Neither the District Court nor the Ninth Circuit heard any argument or rendered any judgment in this case regarding the statute;
- EPIX had no part in formulating or applying NSI's *Domain Name Dispute Policy* and none has been alleged by Petitioner;
- EPIX had no contact with the National Science Foundation regarding any domain name matter and none has been alleged by Petitioner; and
- Neither NSI nor NSF is a party to this suit.

EPIX believes that this trademark infringement suit would be an inappropriate case for review of the constitutionality of the *Anticybersquatting Consumer Protection Act*. For these reasons, EPIX submits that the Petition should be denied.

CONCLUSION

Petitioner has presented eleven questions for review. None raise a relevant constitutional question, none are based on diversity of opinion between the Circuits, some address issues not previously pled, briefed or argued below, some involve alleged acts of others who are not party to this suit and most are hypothetical because no order or judgment has been entered against Petitioner. For these reasons, EPIX submits that it would not be appropriate to grant a petition for a writ of certiorari as to any of the questions raised by Petitioner.

Respectfully submitted,

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No. 99-925

IN THE

Supreme Court of the United States

INTERSTELLAR STARSHIP SERVICES, LIMITED
and MICHAEL R. TCHOU,

Petitioners,

v.

EPIX, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

REPLY BRIEF FOR PETITIONERS

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RESPONDENT'S STATEMENT OF THE CASE

In its Statement of the Case, Epix, Inc. ("Epix") raises a new issue concerning the status of Tchou as an employee of Intel. No connection has been shown between the activities of the Rocky Horror Picture Show shown on the epix.com web pages and the electronic "design for test" consulting services of Interstellar Starship Services ("Interstellar"). A consulting contract of Interstellar existent at relevant times was through the name "ISS" (i.e., Interstellar) with a company called SiQual (which itself had a contract with Intel), wherein the term "epix.com" nowhere appears. Just as Epix has sought to use the Network Solutions, Inc. ("NSI") dispute policy as a lever to seek acquisition of the domain name epix.com, so has it used this suit as a medium onto which to "piggy back" a course of industrial espionage of its competitor Intel, an effort which Interstellar has so far successfully resisted.[1]

The Epix reference on p. 2, lines 10-11 of its BRIEF IN OPPOSITION to "captured video images and video image processing software" is untrue, since no image on the epix.com web site was ever captured from video or had made use of such software, and in support of which claim Epix has necessarily been unable to present any evidence. As will be noted with respect to Question 5 below, that is the kind of untruth that a party can get away with in a Motion for Summary Judgment at the trial level, wherein all statements of the non-moving party are taken to be true. "Video" involves analog data depicting moving images, as on TV or a VCR using a video tape, which data must be converted to digital form for display on a computer. Interstellar has not done any of that, the epix.com web site

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1. ". . . ISS correctly points out that its use of the 'epix.com' web site, rather than the entirety of the business transacted under the ISS name, is the relevant criterion . . . ." *Interstellar Starship Services, Limited v. Epix, Inc.*, 184 F.3d 1107, 1110, 51 U.S.P.Q.2d 1535, 1537 (CA9 1999) (Petition, p. 8a.)

showing only still images. In fact, even had the epix.com site *used* video equipment and video imaging software (as it might have, e.g., if it had elected to show a Rocky Horror Picture Show performance on its site), that would not have put it in the business of *marketing* the same, which would be the only way that Epix could advance any theory of trademark infringement. Moreover, Epix abandoned this Intel/video consulting theory at final argument in District Court (Appendix A). In any event, if Epix wished to raise this issue it should have done so through a Cross Petition and not by way of its Opposition.

Other than to point out that the Interstellar MOTION TO SUPPLEMENT PETITION FOR A WRIT OF CERTIORARI concerning the *Anticybersquatting Consumer Protection Act* was *required* to be filed under *Supreme Court Rule 29(4)(b)*, i.e., the Solicitor General *must* be served whenever a case draws into question[2] the constitutionality of an Act of Congress, and not for the purpose of directly challenging the constitutionality of that Act (which is not a part of the case for which the Petition was filed), Interstellar will not respond to the argument on the merits contained within Epix's "Statement of the Case," such response being reserved to Interstellar's Brief should certiorari be granted. Interstellar would thus respectfully urge that each of the questions herein be considered for grant of certiorari on their merits, without complication from any nonexistent Intel connection.

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2. Here it has been assumed that even to draw in a statute *indirectly*, i.e., by way of questioning the constitutionality of another statute that has an identical constitutional basis, would require the application of *Supreme Court Rule 29(4)(b)*.

A. WHETHER UNDER THE COMMERCE CLAUSE AND LANHAM ACT FEDERAL COURTS HAVE JURISDICTION OVER INTERNET DOMAIN NAMES.

Jurisdiction, of course, can be raised at any time. Ordinarily, that occurs with respect to jurisdiction of the case within which the issue is raised, a circumstance not present here, but if the jurisdictional question would fundamentally affect the rights of the parties to the case, it would seem that such a jurisdictional issue could similarly be raised at any time. What Epix is pleased to call Interstellar's "tardy" raising of the issue occurred, in fact, shortly after the issue came to the realization of the undersigned, and it was raised not by way of intervention in a case in which Interstellar was not a party, as Epix would have it, but rather by way of adding to the record of Interstellar's own case then before the Ninth Circuit — i.e., the instant case.[3] Moreover, it is not a hypothetical question but rather one that, if Interstellar's analysis is correct, would make of the NSI dispute policy of which Epix took advantage a fraudulent scheme, which could directly impact the outcome of this case, other like cases, and indeed a significant aspect of Internet operations as a whole, namely, domain name administration. The posture of the present case makes the issue non-hypothetical, but the significance of the issue extends far beyond the present case, and Interstellar respectfully submits that the question should be granted certiorari for that reason.

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3. As a matter of courtesy, counsel for Avery-Dennison, Sumpton, Lockheed Martin and Network Solutions, Inc., these being the parties whose domain name-related cases were to be argued at the Ninth Circuit on the same day as was the instant case, were served by the undersigned with copies of the Interstellar motion.

B. WHETHER THE DISPUTE POLICY INSTITUTED BY NETWORK SOLUTIONS, INC. AS TO SUCH DOMAIN NAME REGISTRATIONS EFFECT *DE FACTO* CHANGES IN U.S. TRADEMARK LAW CONTRARY TO FREE SPEECH AND DUE PROCESS RIGHTS.

On another issue newly raised by Epix, whether it played any role in the formulation of the NSI dispute policy (Interstellar would assume that it did not) has no bearing on the significance of the question or the unlawfulness of the policy of which Epix took advantage. The fact that Epix played no role in formulating the policy would perhaps bear on the *amount* of any liability for taking advantage of that policy, but would not affect either such liability itself or the issue of its using unconstitutional means as the root cause of the present suit. In any event, the question is one of statutory construction that necessarily falls out of the premise that Interstellar argues, i.e., that the NSI policy rests upon an unconstitutional base wherein a domain name registrant in the role of trademark infringement defendant encounters a *de facto* "law" that is substantively and procedurally different from that encountered by other prospective trademark defendants, and that constitutes impingement upon free speech and due process rights. Grant of certiorari should be considered irrespective of whether Epix had any role in formulating the NSI policy.

C. WHETHER USE OF THAT DISPUTE POLICY IS AN ACTIONABLE TORT.

The Epix Opposition on this question, which asserts that constitutional violations can only be charged against governmental agencies, emphasizes the reason why certiorari should be granted. Interstellar has argued that private individuals or organizations acting under color of law in an unconstitutional manner and under the shroud of a governmental cloak can thereby create both a Civil Rights suit and liability for attorney

fees in any suit in which such action plays a role, hence the question is important to be decided.

D. WHETHER UNDER THE ENUMERATED POWERS DOCTRINE THE COURTS CAN THEMSELVES ADD TO TRADEMARK LAW AN "INITIAL CONFUSION" DOCTRINE.

Although Interstellar centered this question on the extent to which federal courts can graft new meanings onto the Lanham Act, Epix opposes on a different basis, namely, that there is no split of opinion on the issue of "initial confusion" between the circuits, a basis upon which Interstellar did not rely with respect to this question. This new issue by Epix then points to yet another reason certiorari should be granted: *Hasbro Inc. v. Clue Computing Inc.*, 66 F. Supp. 2d 117, 125, 52 U.S.P.Q.2d 1402, 1408 (D. Mass. 1999), distinguishes the opinion below, instead citing with approval the case *Teletech Customer Care Management (Cal.) Inc. v. Tele-Tech Co.*, 977 F. Supp. 1407, 42 U.S.P.Q.2d 1913 (C.D. Cal. 1997), a case within the Ninth Circuit that Interstellar had cited[4] as expressing the correct law on the matter. Thus, there is not only a split between the circuits but inconsistent positions within the Ninth Circuit since the opinion below does not cite *Teletech*, whether to overrule or otherwise — a party within the Ninth Circuit, or at least within the Central District of California, would have no notion of what the correct law is — and certiorari should be granted on these grounds as well.

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4. "See also *Teletech Customer Care Management (Cal.) Inc. v. Tele-Tech Co.*, . . . : 'Teletech has thus far demonstrated an initial confusion on the part of web browsers using the domain name "teletech.com" but finding the Defendant's website. This brief confusion is not cognizable under the trademark laws.' " COMBINED BRIEF FOR APPELLEE/CROSS-APPELLANT INTERSTELLAR . . . , p. 12, n.8.

E. WHETHER INADMISSIBLE HEARSAY CAN BE USED TO DEFEAT A MOTION FOR SUMMARY JUDGMENT OF NON-INFRINGEMENT OF A TRADEMARK.

On this question Epix does not oppose the grant of certiorari or raise any new points thereon, hence for present purposes Interstellar will overlook the several Epix misstatements of fact and no further response will be made.

F. WHETHER LIKELIHOOD OF CONFUSION CAN BE FOUND SOLELY ON THE BASIS OF SERVER LOGS THAT RECORD CONNECTIONS BETWEEN COMPUTERS.

On this question Epix only argues the merits, without questioning either the grant of certiorari or any new points thereon, hence no response will be made.

G. WHETHER "BAD INTENT" CAN BE ATTRIBUTED TO ONE WHO USES A MARK WITHOUT KNOWLEDGE OF AN EXISTING MARK ON THE BASIS OF HAVING LATER SOUGHT REGISTRATION OF THE MARK WHILE KNOWING OF THE OTHER MARK.

Epix raises an issue of whether or not it has abandoned its mark. Interstellar concurs with the statement that Interstellar has not raised that issue. Interstellar also notes that any issue of abandonment, the purpose of Epix in introducing the issue being quite a mystery, has nothing whatever to do with the question, hence on that subject Interstellar need say no more. As to whether the "*Brookfield*-derived dictum"[5] concerning adoption of a designation[6] can constitute a "case or controversy," even dicta play a part in reaching decided issues, and when the opinion below misstates when Interstellar became aware of the Epix

5. Petition, p. 16.

6. Petition, p. 9a.

trademark[7] while declining to apply that same rule to an actual fact of the case — *Epix* copying the *Interstellar* trademark application (Appendix B) — there is indeed a case or controversy in the reliance in the opinion below on when Interstellar applied for trademark registration rather than when it adopted the mark.

H. WHETHER A DEPONENT CAN BE OBLIGED BY A COURT TO DISCLOSE A TRADE SECRET KNOWN TO BUT NOT OWNED BY THAT DEPONENT.

Epix asserts that the issue is hypothetical, while at the same time preparation for trial goes on and the issue will undoubtedly come up again, i.e., Epix will no doubt cite the existing Order of the District Court with respect to further deposition of Tchou or other discovery. That makes the issue ripe for review as a general proposition, and of course of substantial importance to Tchou. The quest for lists of Intel employees is not a legitimate inquiry since it would involve disclosure of Intel trade secrets — in this day and age if you know who the workers are, and their job titles, you pretty much know what work is being done. On the other hand, a request simply for the names of persons with whom Tchou may have discussed the case would be a legitimate one, and had the inquiry been so framed it would have been answered, but it is not the job of the deponent or his counsel to assist the inquirer in framing questions.

The statement that "TCHOU sought to conceal his <epix.com> domain name activities while employed at or consulting for INTEL"[8] is a complete fabrication for which no evidence has been or could be produced by Epix.

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7. Petition, p. 15.

8. Opposition, p. 15.

I. WHETHER IN LANHAM ACT CASES COURTS MUST APPLY THE STANDARDS FOR IMPOSITION OF ATTORNEY FEES AS WRITTEN BY THE CONGRESS.

Reference to *Noxell Corporation et al. v. Firehouse No. 1 Bar-B-Que Restaurant*, 771 F.2d 521 (CADC 1985), which Interstellar has cited as expressing the proper standards for attorney fees in trademark cases, will confirm that what Interstellar has argued is precisely *opposite* that which Epix states it was seeking: Interstellar argues in fact that *different* rules should apply in accordance with the legislative history of the Lanham Act, and not the same rule under the legislative history of the Copyright Act as noted in *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 114 S. Ct. 1023, 127 L. Ed. 2d 455 (1994). That *Fogerty*, a *copyright* case, is evidently to be taken in the Ninth Circuit as the lead case with respect to attorney fees in *trademark* cases, suffices in itself to commend Supreme Court review.

J. WHETHER LITIGATION-RELATED ACTIONS OF A PARTY ARE "REASONABLE" BY DEFINITION IF CARRIED OUT UNDER THE ADVICE OF COUNSEL.

On this question Epix only argues the merits, without questioning either the grant of certiorari or any new points thereon, hence no response will be made.

K. CONSTITUTIONALITY OF THE ANTICYBER-SQUATTING CONSUMER PROTECTION ACT

This is a new issue, not raised by Interstellar except by way of its obligatory notice to the Solicitor General as described above.[9] This is not, as Epix would have it, a matter of "return of

9. The Motion as filed by Interstellar contains only the language required by *Supreme Court Rule 29(4)(b)*, and conspicuously lacks any designation of the issue as an additional question.

jurisdiction to the District Court" — jurisdiction is now in that court, preparation for trial is under way, and absent issuance of a stay that course will proceed. However, even though Epix has not yet filed a countercomplaint under the statute, its expressed intent to do so[10] would make a "case or controversy" sufficient to establish jurisdiction just as any other expression of an intent to file suit. If and when Epix does file such a countercomplaint, Interstellar will of course attack that countercomplaint on grounds that would include the unconstitutionality of the statute, so whether or not the Supreme Court deems that sufficient to take up the matter now, Interstellar does not see how the court could grant certiorari on the first question pertaining to the constitutionality of the manner of use by Epix (courtesy of NSI and the National Science Foundation) of the NSI policy without implicitly encompassing this statute as well. Explicit treatment of the issue by the Supreme Court would of course be unusual, with no lower court opinions to review, hence it would seem to be a matter of discretion, e.g., what course the court finds to be most economical of judicial resources. Thus, since this issue was raised by Epix in its opposition rather than by cross-petition, Interstellar cannot really respond and hence takes no position on the matter.

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10. Opposition, p. 18.

CONCLUSION

As to the questions being hypothetical, Interstellar submits that they all have direct bearing on the outcome of this case. Interstellar grants that ten questions would be a rather inordinate number for grants of certiorari all at once, but at the same time notes that such circumstance is simply a consequence of the opinion below, over which Interstellar had little or no control. It is also suggested that since the questions do traverse a substantial portion of the operation of the Internet, and with the only Supreme Court case pertaining to the Internet being *ACLU v. Reno*, 521 U.S. 844, 117 S. Ct. 2329, 138 L. Ed. 2d 874 (S. Ct. 1997), which had a rather narrow albeit very significant scope, the present case would provide the Supreme Court with an opportunity to bring some degree of order out of Internet cases, and particularly "domain name cases," which at present show substantial disorder, if not chaos.

Respectfully submitted,

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APPENDIX

APPENDIX A — TRANSCRIPT OF ORAL ARGUMENT, DISTRICT COURT, SEPT. 29, 1997, pp. 10, 36-37

[p. 10]

MR. HEUSER: * * * The third factor, class of goods in question. The evidence submitted by us shows that ISS performed two types of services under the epix.com mark. ISS argues that they really only use it with the Clinton Street Theatre services and they don't use it with Mr. Tchou's other circuit board consulting business. Well, we think the evidence shows that they're wrong. * * *

[pp. 36-37]

THE COURT: Okay. Before I hear from you, let me ask you this question. Is there a question of fact as to what ISS uses the epix.com Internet site for? Is that a question of fact or is there a dispute?

MR. LOVELL: Based on argument this morning, I would say that there is a dispute. I mean, it's our position that it is used only for the Rocky Horror Picture Show, the Clinton Street Theatre and graphics of the actors and that's all its ever been used for. It's been publicly accessible. And that's of course in trademark law all that counts. Maximum [sic] plan to do something else in the future is entirely different. They have no part in this lawsuit.

MR. HEUSER: My response to that question is it's not a genuine issue of material fact because the Court doesn't have to get to that issue. Admittedly they use it in connection with their Clinton Street Theatre activity. That is infringing.

Appendix A

Now, if you get into this other activity of Mr. Tchou, we feel that there's no controversy on it because we've submitted what he said, that is what he said on his web site, what he said in his deposition, but — so we don't feel there is any substantial evidence contrary to our position.

But I think the Court doesn't need to get to that position because they infringe the trademark by using it in connection with their web site for the Clinton Street Theatre. So it shouldn't preclude summary judgment.

APPENDIX B — COMBINED BRIEF FOR APPELLANT/ CROSS-APPELLEE INTERSTELLAR STARSHIP SERVICES, LIMITED AND MICHAEL R. TCHOU, pp. 33-34

5. On Nov. 8, 1996, ISS filed trademark and service mark applications to register the mark 'EPIX' for "computer graphics designs" and "services for the design of computer graphics" [MEMORANDUM IN SUPPORT OF EPIX MOTION FOR SUMMARY JUDGMENT . . . , pp. 4-5, Exhibit 4, pp. 1-7; ER053-061].

6. On April 30, 1997, Epix applied for a trademark registration for the goods "computer graphics designs" and a service mark registration for "services for the design of computer graphics," claiming that the mark had been used in commerce for both purposes. [ISS MEMORANDUM IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT, pp. 10-11; ER024-025; RESPONSE TO OPPOSITION TO ATTORNEY FEES, Exhibit N, pp. 1-5; ER247-251].